GLOBAL INFRASTRUCTURE PLAYER

Annual Report 2019

CK Infrastructure Holdings Limited

長 江 基 建 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

CKI

A Leading Player in the Global Infrastructure Arena

CKI is a global infrastructure company that aims to make the world a better place through a variety of infrastructure investments and developments in different parts of the world. The Group has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses.

Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and Canada.

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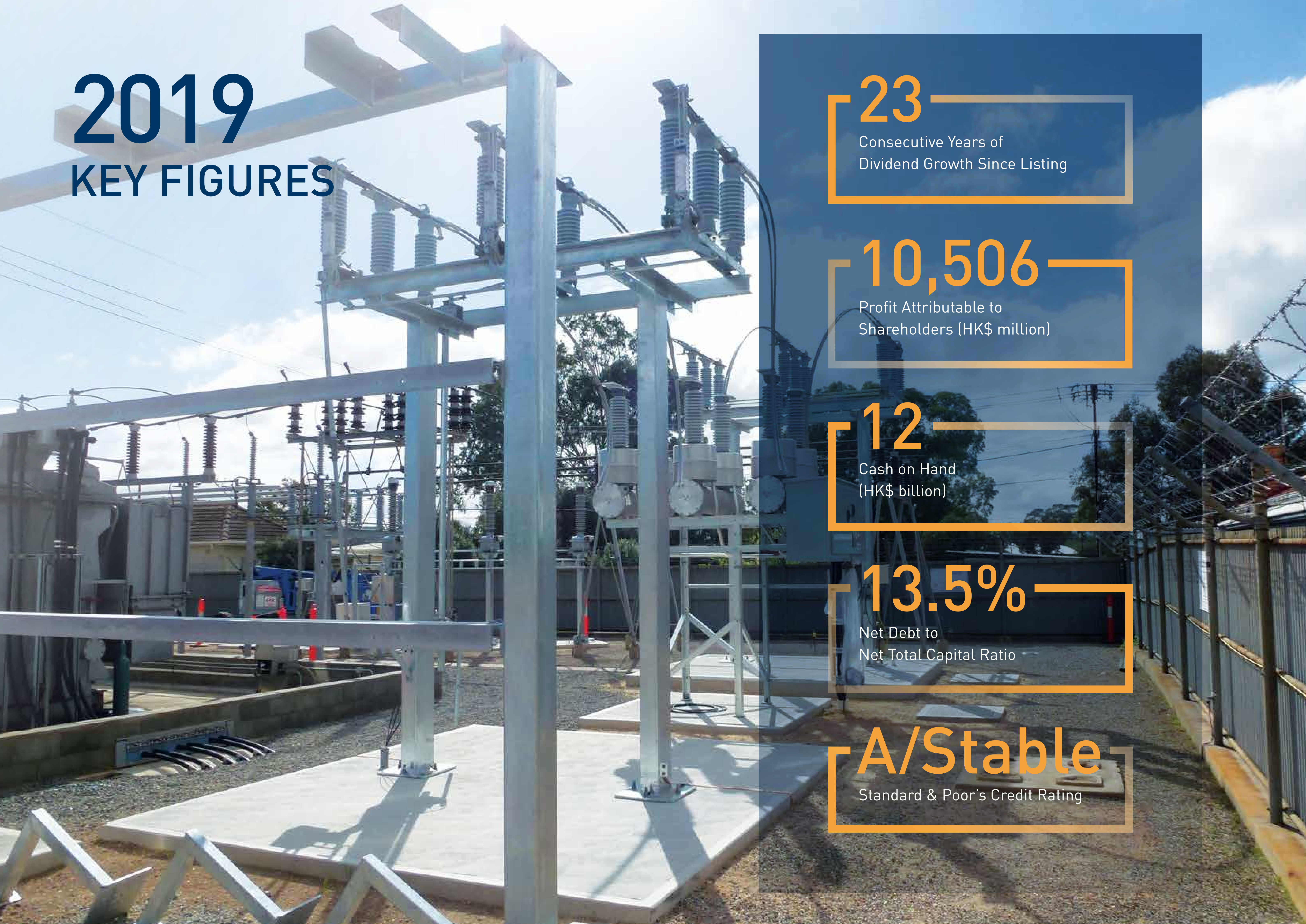
2019
KEY FIGURES



23
Consecutive Years of Dividend Growth Since Listing

10,506
Profit Attributable to Shareholders (HK$ million)

12
Cash on Hand (HK$ billion)

13.5%
Net Debt to Net Total Capital Ratio

A/Stable
Standard & Poor's Credit Rating

THE BUSINESS

Investment in
POWER ASSETS

- Power Assets

Infrastructure Investments in
UNITED KINGDOM

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

Infrastructure Investments in
AUSTRALIA

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

Infrastructure Investments in
NEW ZEALAND

- Wellington Electricity
- EnviroNZ

Infrastructure Investments in
CONTINENTAL EUROPE

- Dutch Enviro Energy
- Portugal Renewable Energy
- ista

Infrastructure Investments in
CANADA

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

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA

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


The People
CKI

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary
for the year ended 31st December

HK$ million	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Profit attributable to shareholders	**10,506**	10,443	10,256	9,636	11,162	31,782	11,639	9,427	7,745	5,028
Dividends										
Interim dividend paid	**1,713**	1,713	1,688	1,587	1,512	1,281	1,220	976	854	744
Proposed final dividend	**4,485**	4,410	4,309	4,107	3,905	3,716	3,318	3,074	2,724	2,254
	6,198	6,123	5,997	5,694	5,417	4,997	4,538	4,050	3,578	2,998

Consolidated Statement of Financial Position Summary
as at 31st December

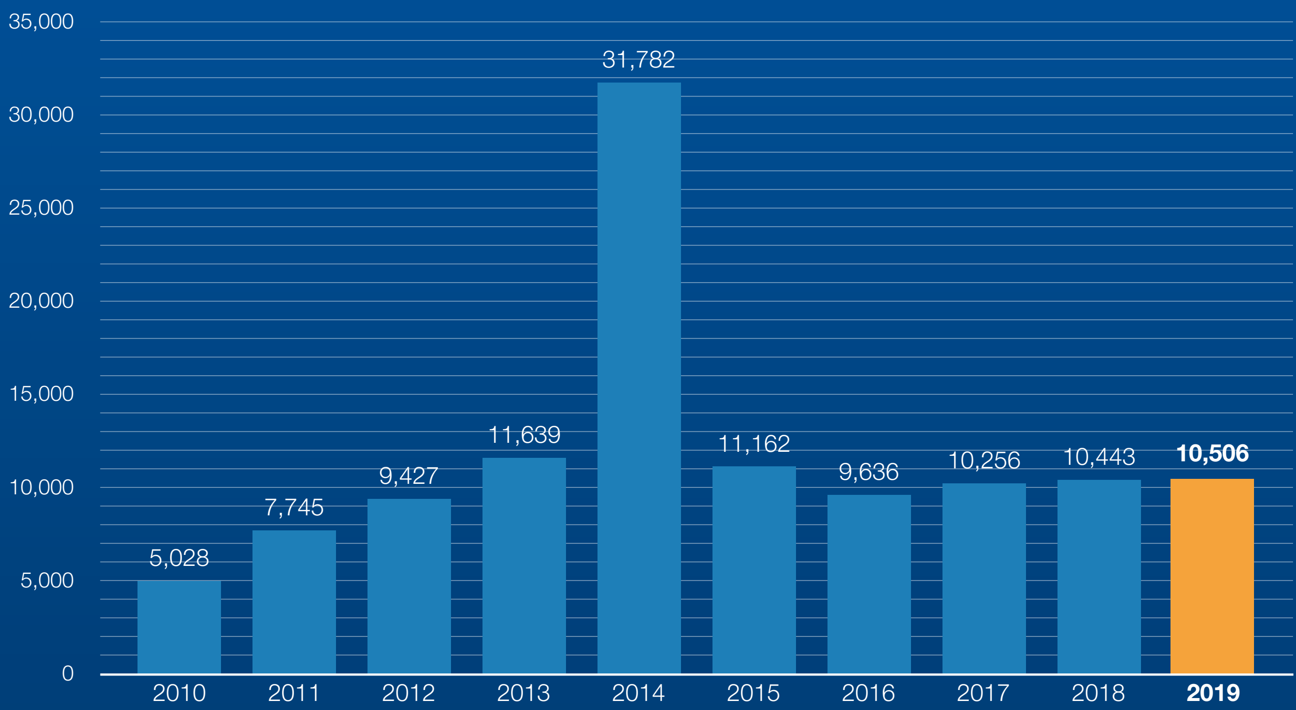
HK$ million	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Property, plant and equipment	**2,805**	2,508	2,462	2,404	2,379	2,452	2,408	1,477	845	1,276
Investment properties	**398**	382	360	344	334	305	268	238	206	186
Interests in associates	**36,814**	38,191	43,108	52,177	54,004	54,135	34,583	32,737	30,220	29,797
Interests in joint ventures	**104,952**	95,892	98,462	53,973	60,988	52,999	46,244	39,678	33,226	21,483
Other financial assets	**1,871**	7,821	702	648	1,985	3,889	4,599	6,199	5,197	4,824
Derivative financial instruments	**1,107**	2,448	1,253	2,178	571	86	42	–	158	209
Goodwill and intangible assets	**2,486**	2,556	2,569	2,554	2,525	2,877	2,966	–	–	151
Deferred tax assets	**3**	12	7	29	21	15	20	22	15	9
Other non-current assets	**–**	–	136	64	17	–	–	–	–	29
Current assets	**14,748**	7,960	10,755	13,539	9,278	9,312	8,778	8,191	6,956	6,296
Total assets	**165,184**	157,770	159,814	127,910	132,102	126,070	99,908	88,542	76,823	64,260
Current liabilities	**(10,303)**	(6,287)	(15,669)	(13,837)	(3,681)	(6,571)	(5,040)	(3,291)	(13,527)	(3,058)
Non-current liabilities	**(28,507)**	(29,579)	(25,953)	(7,886)	(17,862)	(17,753)	(14,270)	(11,870)	(3,524)	(7,515)
Total liabilities	**(38,810)**	(35,866)	(41,622)	(21,723)	(21,543)	(24,324)	(19,310)	(15,161)	(17,051)	(10,573)
Perpetual capital securities	**(14,701)**	(14,701)	(14,701)	(9,544)	(7,933)	(7,933)	(10,329)	(10,329)	(7,933)	(7,933)
Non-controlling interests	**(69)**	(30)	(18)	(38)	(55)	(77)	(84)	(89)	(95)	(81)
Equity attributable to shareholders	**111,604**	107,173	103,473	96,605	102,571	93,736	70,185	62,963	51,744	45,673

Per Share Data

HK$	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Earnings per share	**4.17**	4.14	4.07	3.82	4.44	13.03	4.77	3.93	3.38	2.23
Dividends per share	**2.460**	2.430	2.380	2.260	2.150	2.000	1.860	1.660	1.530	1.330
Shareholders' equity – net book value per share	**44.29**	42.54	41.07	38.34	40.71	38.42	28.77	25.81	22.13	20.26

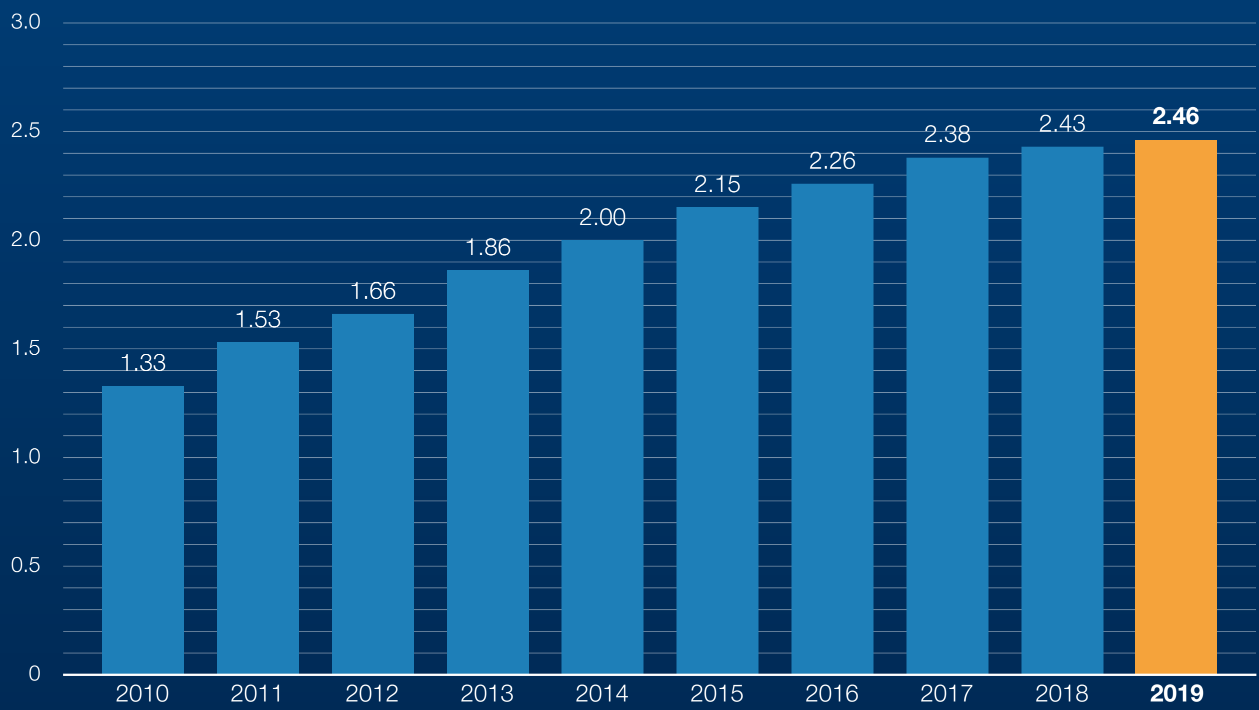
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



“This represents the 23rd consecutive year of dividend growth since CKI was listed in 1996.”

VICTOR T K LI
Chairman

CHAIRMAN'S LETTER

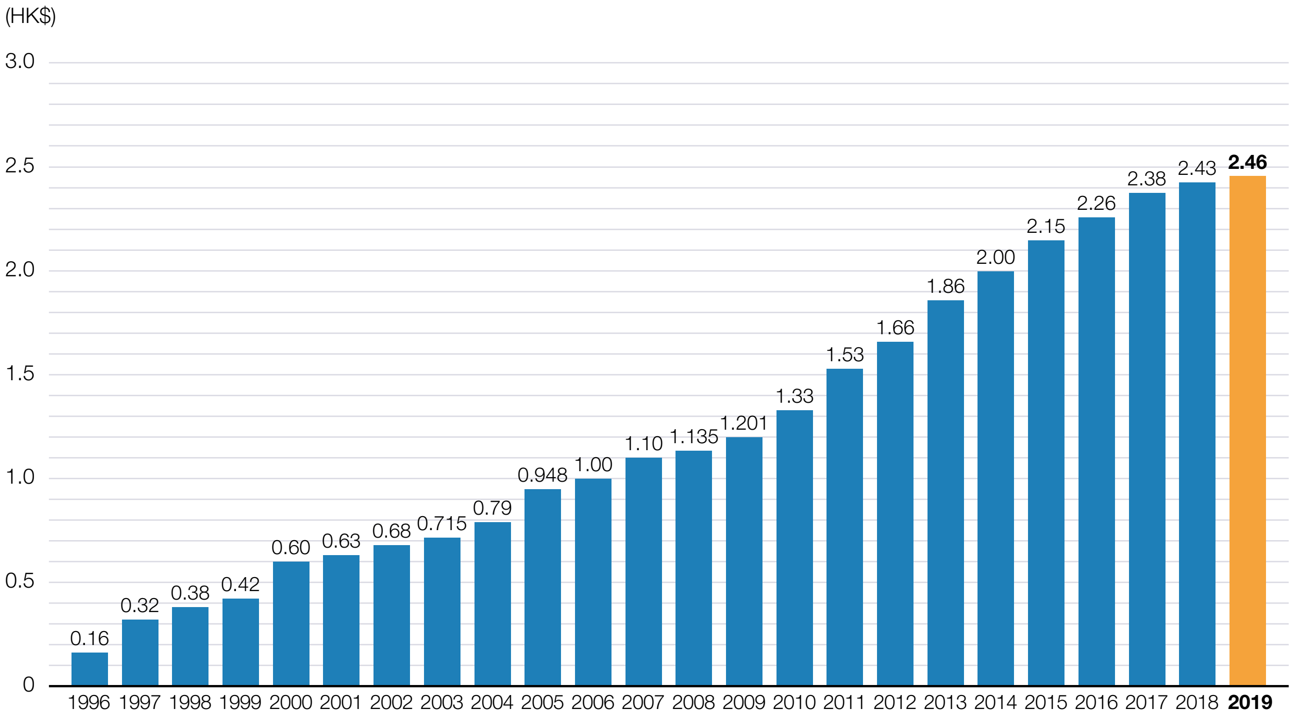
For the year ended 31st December, 2019, CK Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") recorded profit attributable to shareholders of HK$10,506 million, an increase of 1% from the previous year. The result was negatively affected by foreign exchange translation; without this impact, profit attributable to shareholders would have increased by 6%.

This result has been achieved amidst a challenging global backdrop, punctuated by numerous political and macroeconomic events, such as the continuing trade tensions between the U.S. and China, Brexit, unrest in Hong Kong and bushfires in Australia.

23 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.78 per share. Together with the interim dividend of HK$0.68 per share, this will bring the total dividend for the year to HK$2.46, a 1% increase over the previous year. This represents the 23rd consecutive year of dividend growth since CKI was listed in 1996. The proposed dividend will be paid on Friday, 29th May, 2020, subject to approval at the 2020 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 19th May, 2020.

Dividends per Share since Listing



CHAIRMAN’S LETTER

BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK$2,564 million, a decline of 12% compared to last year. This was mainly due to the lower contribution arising from the disposal of a 2.05% interest in Power Assets in January 2019, a decline in contribution from the UK portfolio, the weak currency rates against the Hong Kong dollar, and the reduced returns from the Hong Kong business under the new Scheme of Control.

The new Scheme of Control, which regulates returns of HK Electric’s business in Hong Kong until 2033, commenced on 1st January, 2019. While featuring a lower rate of return than previously, this framework provides predictable and steady returns on investment as well as asset-based growth opportunities during the regulatory period.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom portfolio was HK$4,630 million, a decrease of 12%. This is attributable to lower reported earnings from UK Power Networks, which ceased to recognise certain non-cash revenue commencing 2019, and a weaker pound sterling relative to the Hong Kong dollar compared to the prior year. Excluding these items, profit contribution from the UK increased by approximately 8% year-on-year.

A significant proportion of the Group’s businesses in the United Kingdom consist of regulated assets that generate predictable returns. The regulatory resets for these businesses will take place between 2020 and 2023. Northumbrian Water will be the first to enter into a new regulatory period, which will commence on 1st April, 2020. The terms of the determination as set by the regulator for the new regulatory period are significantly more stringent than in previous periods. The final outcome will be dependent upon the upcoming appeal.

The underlying operations of UK Power Networks recorded steady growth. The current regulatory regime will remain in place until March 2023, allowing predictable and steady returns in the near term. During the year, UK Power Networks won the industry acclaimed 2019 Edison Electric Institute International Edison Award for its innovative approach to facilitate Britain’s low carbon transition.

The operation of the Group’s gas distribution networks – Northern Gas Networks and Wales & West Gas Networks – performed well. Both businesses will receive the regulator’s determinations for the next regulatory period at the end of this year.

During 2019, UK Rails delivered a number of new trains to its customers as well as completed several major upgrades of its existing fleets.

Australian Infrastructure Portfolio

In Australia, profit contribution increased 1% year-on-year to HK$2,083 million. The results were impacted by a weak Australian dollar. In local currency terms, profit contribution from the Australian portfolio increased by 7%.

A number of CKI's regulated businesses in Australia will also go through regulatory resets in 2020-2021. These businesses include the power and gas networks in South Australia, the three power distribution networks in Victoria, and the gas transmission network in Western Australia. While the resets may prove to be challenging, the Group will endeavor to maximise its regulated income streams by engaging with stakeholders, improving service levels and enhancing operational efficiency. SA Power Networks will be the first to enter into a new regulatory period, which will commence on 1st July, 2020.

The Group's power distribution networks in Australia – CitiPower, United Energy, SA Power Networks and Powercor – were ranked first, second, third and fourth in terms of productivity performance in the Australian Energy Regulator's Annual Benchmarking Report dated November 2019.

Australian Gas Networks, Multinet Gas and Dampier Bunbury Pipeline all provided operating profit growth during the year. As a result of the synergies brought by Australian Gas Networks and Multinet Gas since acquisition, the credit rating of Dampier Bunbury Pipeline was upgraded by Moody's from Baa3 to Baa2 with a stable outlook.

Energy Developments showed momentum in achieving earnings growth. The company acquired Broadrock Renewables, an owner and operator of two landfill gas-to-energy assets located in California and Rhode Island in the United States.

Infrastructure Portfolio in Continental Europe

In Continental Europe, net profit declined by 10% to HK$785 million. In local currency terms, the profit contribution from Continental Europe dropped 4% year-on-year. This is mainly due to a one-off deferred tax credit arising from the reduction in the tax rate of ista in France and Belgium which was recorded in 2018.

Dutch Enviro Energy's CO_2 capture plant at Duiven started supplying CO_2 to horticultural greenhouses during the year. The facility, which enables the reuse of 60,000 tons of CO_2 generated from residual waste processing, is the first waste facility of its kind in Europe. Portugal Renewable Energy experienced a recovery in wind power generation in the second half of 2019, offsetting the negative impact arising from the cancellation of a renewable energy tax exemption.

Canadian Infrastructure Portfolio

Profit contribution from Canada was flat at HK$335 million. In local currency terms, profit contribution from Canada increased by 2% compared to the previous year.

In 2019, Reliance Home Comfort continued its efforts in market expansion through acquisitions, extending its businesses in Saskatchewan, Ontario and British Columbia.

Canadian Midstream Assets commenced the construction of two projects, one in Hardisty and another in the Onion Lake area, both backed by long term contracts.

Park'N Fly built a new 6,650-square feet valet facility in Toronto. The additional facility offers separate pick-up and drop-off centres providing an enhanced experience and smoother process for customers.

New Zealand Infrastructure Portfolio

The New Zealand portfolio reported profit contribution of HK$174 million, a 1% growth. In local currency terms, the result was an increase of 7% year-on-year.

EnviroNZ and Wellington Electricity both performed soundly. Subsequent to EnviroNZ winning a 10-year contract to provide collection and disposal services for Hamilton City, the company commenced the building of a new material recovery facility that uses mechanical and manual sorting processes to sort recyclables.

Wellington Electricity has completed half of the upgrading work for the three-year Earthquake Readiness Programme.

Hong Kong and Mainland China Businesses

In Hong Kong and Mainland China, CKI's portfolio showed a decline of 5% in net profit to HK$371 million. This was caused by lower traffic revenue from the toll road business. Profit contribution from the material businesses was stable.

VERY HEALTHY FINANCIAL POSITION

Prudent financial management continues to be the bedrock of CKI. While always diligent in studying opportunities to expand and diversify, the Group's risk management approach has also been conservative. The underlying financial position of the Company is very healthy.

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

With more than HK$12 billion cash on hand and a net debt to net total capital ratio of 13.5% as at 31st December, 2019, CKI is well-positioned to weather any uncertainties in the global markets as well as to actively pursue expansion opportunities.

OUTLOOK

As we enter into 2020, the macro-economic environment continues to be challenging with the looming threat of global trade tensions, political disruptions, natural disasters and infectious diseases.

Of particular challenge to CKI will be the series of regulatory resets which will be coming up in 2020 and over the next few years. Lower allowed returns resulting from ultra-low interest rates globally and tough stances by regulators will inevitably result in lower revenues.

On business development and expansion, CKI will continue to study acquisitions that will add value to the Group's portfolio. The Group's strategy is to target sizeable acquisitions that demand large capital investment. With CKI's extensive experience and knowledge, the Group has an edge in investing in complex deals and in maximising synergies with the existing portfolio. Its flexibility in forming alliances with other members of the CK Group, namely CK Asset and Power Assets, further strengthen its strategic advantage.

Our mantra has always been to preserve an optimal balance between continued earnings growth and a comfortable gearing position. This will remain a priority for CKI going forward. In pursuing new expansion opportunities, we will also continue to adhere to our strict investment discipline and will not pursue any acquisitions with a "must-win" mentality.

Looking ahead, in this age of uncertainty and low interest rates, the value of CKI's quality assets is even more to be appreciated.

I would like to take this opportunity to thank the Board for their continued support, our staff for their enduring efforts and our stakeholders for ongoing confidence.

VICTOR T K LI
Chairman

18th March, 2020

GROUP MANAGING DIRECTOR'S REPORT

Story of CKI's 20-year Globalisation and Diversification Begins with Landmark Transaction in 1999

THE LANDMARK TRANSACTION IN 1999 THAT SET THE WHEELS IN MOTION

Today, as I was working on the Group Managing Director's Report, my thoughts continually drifted back to a dinner that took place on 11th December, 2019 in the legendary wine cellar in The Tunnels of Penfolds Magill Estate in Adelaide to celebrate the anniversary of a landmark event that happened exactly 20 years ago.

I remember it vividly. It was 11th December, 1999. CKI and Hongkong Electric had just jointly signed an agreement with the State Government of South Australia for the privatisation of ETSA Utilities for a consideration of A$3.4 billion.

Signed, sealed, and delivered! Mr H L Kam holds up a local South Australian newspaper dated 29th January, 2000 with a front page story talking about the completion of the ETSA transaction.

In the annals of CKI's transactions over the years, this may appear to the casual observer as just another run-of-the-mill deal. Looking back through time, I realise that so many different moving parts (and an unexpected snow storm in Beijing, some 8,600 km away from Adelaide where the deal was taking shape) had to fall into the exact place for this deal to conclude the way it did. More importantly, this seemingly ordinary transaction had set the wheels of CKI's growth engine in motion.

It was, in retrospect, the most significant and fate-changing transaction in CKI's history.

At the time, the completion of the privatisation immediately altered the lives of ETSA's 1,100-strong workforce. The move afforded the ETSA teams more upward mobility in terms of professional development as they transitioned from civil servants of a government utility to employees of a subsidiary of a global conglomerate. It's interesting to note that around 40% of the original ETSA staff members are still with the company after 20 years.

The privatisation of ETSA represented the first major acquisition of CKI outside Hong Kong and Mainland China since its listing on the Hong Kong Stock Exchange in July 1996. The A$3.4 billion agreement kick-started CKI's own globalisation and diversification strategic development, helping to launch an amazing growth story that now sees CKI as a leading global infrastructure player with a market capitalisation of around HK$150 billion as at 31st December, 2019.

HOW A SNOW STORM IN BEIJING IMPACTED THE OUTCOME OF A DEAL IN ADELAIDE

Prior to 1999, CKI was primarily focused on Greater China, with a solid portfolio of investments in the transportation and infrastructure related businesses.

In 1999, we ventured outside Mainland China and Hong Kong for the first time by taking part in a bid for a coal mine in Australia. We were unfamiliar with the nation's business environment and our bid was not successful.

Looking back now, losing that coal mine bid turned out to be a blessing in disguise.

During the preparation stage, we established close contacts with the investment bank community in Australia. By happenstance, we were introduced to Envestra, one of the country's largest gas distributors, listed on the Sydney Stock Exchange but headquartered in Adelaide, which coincidentally was in the process of carrying out a capital raising exercise. In July 1999, CKI subscribed to a 19.97% stake and became the co-largest shareholder of the company.

That was the first CKI investment outside Hong Kong and Mainland China. By any account, this relatively small investment (A$100 million) in a non-controlling stake (less than 20%) of a listed company would appear inconsequential in the larger scheme of things. However, little did we know at the time that this minor investment would set the stage for not only a much larger Australian investment, but more importantly, the globalisation and diversification of CKI.

The Envestra deal in July 1999 was remarkable in that it opened a window to a deeper understanding of the Australian markets, particularly in South Australia. Like an intricate row of dominoes perfectly set up, several months later we were made aware of the privatisation plans of ETSA, the sole electricity distributor in the State of South Australia.

ETSA was a much more significant deal (in the order of over A$3 billion) and attracted a lot of public attention. Many major investors expressed an interest, including domestic investors and those from US, Singapore and other countries.

With the memory of our failed bid for the coal mine still fresh, CKI performed its due diligence and decided to throw our hat in the ring.

CKI, together with our associated company Hongkong Electric, selected some key executives to form a bidding team with the assistance of external financial advisers and consultants. Amidst keen competition, the CKI consortium passed the first and second rounds, and made it through to the final stage with only two bidders remaining: the CKI consortium and another foreign investor.

In the final round, the negotiation came to a deadlock. The CKI consortium found it difficult to meet some of the Government's requirements, and was not confident we could compete with the opposing overseas bidder.

Only a few months removed from the coal mine bid, perhaps the previous failure had cast a shadow on the current process. The CKI team felt disheartened and exited the negotiation in Adelaide, boarding an evening flight to Melbourne. The head of the bidding team took a connecting red-eye flight from Melbourne to Hong Kong and the rest of the team stayed in Melbourne for the night.

GROUP MANAGING DIRECTOR'S REPORT

As these events unfolded, I was held up in Beijing for business meetings. I wished I could get in touch with the bidding team to see if there were any last minute changes that might have salvaged the talks. When the meetings concluded and I tried calling them at around 5pm in Beijing, which was 8pm in Melbourne, they were already en route from Adelaide to Melbourne. Their flight was not scheduled to touch down in Melbourne until two hours later.

I was scheduled to take a 7pm flight from Beijing back to Hong Kong that would not land until 11pm local, or 2am in Melbourne. If I had boarded this flight as scheduled, I would have missed the opportunity to reach my team before the South Australian Government made its decision.

Sitting in the Beijing Airport lounge from 5 to 6pm, and not able to reach the bidding team, I had a wrenching feeling that all the efforts over the past two months were in vain. Perhaps CKI and Australia were just not a good fit.

At around 6:15pm, it was announced that the flight to Hong Kong would be delayed for two hours due to a snow storm affecting the Beijing Airport. Two extra hours to reach my team. There was a glimmer of hope.

Between 6pm and 8pm, I kept calling my colleagues from the airport lounge in Beijing to no avail. Just shortly after 8pm, I heard the boarding announcement for my flight. It was at that moment that I was finally able to reach one of the team members who was staying overnight in Melbourne. I could not reach the team leader as he was in mid-flight from Melbourne to Hong Kong.

By then it was 11pm in Melbourne. During the conversation, we discussed the different angles to approach the negotiation and I suggested that we communicate the message to the financial advisor of the South Australian Government through our own financial advisor. It took more than an hour to get the message through, as it was already past midnight in Australia. The message was a shot in the arm that energised both teams, and they invited us to return to the negotiation table in Adelaide as soon as possible.

The telephone calls going back and forth among our own team and the two financial advisors (on both sides) took place within a tight 3-hour window of opportunity that made all the difference between success and failure.

Our team members who had spent the night in Melbourne all caught a morning flight back to Adelaide. As for the team leader who had returned to Hong Kong, we had arranged for him to catch an immediate flight back to Adelaide.

On the following day, with all team members present, negotiations resumed. After some compromises made on both sides, on 11th December, 1999, the South Australian Government and CKI consortium reached an agreement, and the ETSA privatisation decision was announced.

As I reflect on the series of serendipitous events that took place that fateful year, the ETSA deal was nothing short of a miracle. Had there not been a snow storm in Beijing that caused a flight delay, we would have missed the window of opportunity to return to the negotiation table before the deadline. The South Australian Government would have likely awarded the deal to the other bidder, or canceled the privatisation exercise altogether, if a satisfactory agreement could not be reached. In either case, it would have been another failed attempt for CKI to gain a firm foothold in Australia within a span of 12 months. The course of our globalisation and diversification development over the subsequent two decades would have appeared very differently.

There may not have been divine intervention, but there is no question in my mind that the stars were aligned perfectly.

From that point on, Australia became an important component of CKI's corporate DNA. As Group Managing Director, I began visiting Australia almost every month to not only oversee our growing portfolio of investments and operations, but also to seek new opportunities to be of service to the people of Australia.

THE BUILDING BLOCKS OF GLOBALISATION AND DIVERSIFICATION

The success of the South Australia deals in 1999 gave us tremendous encouragement and impetus to forge ahead with our globalisation programme.

In Australia, we acquired two of the five electricity distribution networks in the State of Victoria – Powercor in 2000 and CitiPower in 2002. In 2014, a CKI-led consortium privatised Envestra, our maiden investment in Australia back in 1999. In 2017, a CKI consortium privatised the DUET Group, one of the largest listed diversified utility companies in Australia. The addition of DUET strengthened CKI's Australian portfolio with four additional energy companies: (i) United Energy in Victoria, (ii) Multinet Gas in Victoria, (iii) Dampier Bunbury Pipeline in Western Australia, and (iv) Energy Developments headquartered in Queensland. Today, CKI (together with other members of the CK Group) has become one of the largest foreign investors in Australia.

CKI built on our early success in Australia by extending our footprint to the UK in 2004. Since then, the Group has continued to expand in the UK to piece together a portfolio of quality infrastructure assets, including UK Power Networks, Northern Gas Networks, Wales & West Gas Networks, Seabank Power, Northumbrian Water and UK Rails. CKI has become one of the largest foreign investors in the UK today, providing essential services across the electricity, gas, water and transportation sectors.

Concurrently, CKI expanded its investment portfolio in 2013 to include quality assets in Continental Europe, including (i) Dutch Enviro Energy in the Netherlands, (ii) Portugal Renewable Energy in Portugal, and (iii) ista, headquartered in Germany.

Our foray into Canada began in 2007, where CKI now holds a stake in (i) Canadian Power, (ii) Park'N Fly, (iii) Canadian Midstream Assets, and (iv) Reliance Home Comfort.

And in 2008, CKI completed its first investment in New Zealand. Today, the Group owns and operates two businesses in the country: (i) Wellington Electricity, and (ii) EnviroNZ.

Since the acquisition of a 19.97% stake in Envestra and completing the ETSA privatisation in 1999, CKI has set a steady course for globalisation and diversification. With a series of acquisitions and expansion programmes over the past 20 years, CKI has become one of the leading global infrastructure players with diversified investments in electricity generation, transmission and distribution; gas transmission and distribution; oil pipelines; water and water services; waste management and energy from waste; household infrastructure; transportation; and infrastructure materials. CKI's portfolio now spans across Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and Canada.

By any measure, CKI's achievements over the past 20 years has been phenomenal. The seminal transaction that kick-started our steady expansion was the extraordinary ETSA privatisation in 1999.

GROUP MANAGING DIRECTOR'S REPORT

PAST AND PRESENT CONVERGE FOR A MEMORABLE FAMILY REUNION

11th December, 1999. The memorable day when CKI reached an agreement with the Government of South Australia to privatise ETSA, paving the way for CKI's subsequent globalisation and diversification development. To commemorate this special day, CKI invited all the key players from past and present to celebrate the 20th anniversary of this historic transaction in The Tunnels of Penfolds Magill Estate in Adelaide on 11th December, 2019.

The anniversary dinner was a great opportunity to bring everyone together for a big "family" reunion.

1

Reunited for a memorable evening. Key players and dignitaries involved in the ETSA deal gathered for a special reunion at the anniversary celebration event.

2

From left to right:

- Mr Edmond Ip, Deputy Chairman, CKI
- Mr Peter Tulloch, Chairman of SA Power Networks, Victoria Power Networks and Australian Gas Networks
- The Hon John Olsen, Former Premier of South Australia
- The Hon Sir Eric James Neal, Former Governor of South Australia
- His Excellency The Hon Hieu Van Le, Governor of South Australia
- Mr H L Kam, Group Managing Director, CKI
- Rear Admiral the Hon Kevin Scarce, Former Governor of South Australia
- The Hon Rob Lucas, Treasurer of South Australia

3

The Hon Rob Lucas, the current Treasurer of South Australia, with responsibilities for Finance, Industrial Relations and the Public Sector, also happened to be Treasurer of South Australia from 1997 to 2002, when the ETSA transaction took place. It was his signature on the agreement in 1999 that sealed the deal.

4

The three Governors, together with Mr H L Kam:

- Far left: The Hon Sir Eric James Neal, Former Governor of South Australia (1996-2001)
- Far right: Rear Admiral the Hon Kevin Scarce, Former Governor of South Australia (2007-2014)
- Second from left: His Excellency The Hon Hieu Van Le, Governor of South Australia (2014 till now)

5

The three CEOs, together with CKI key executives:

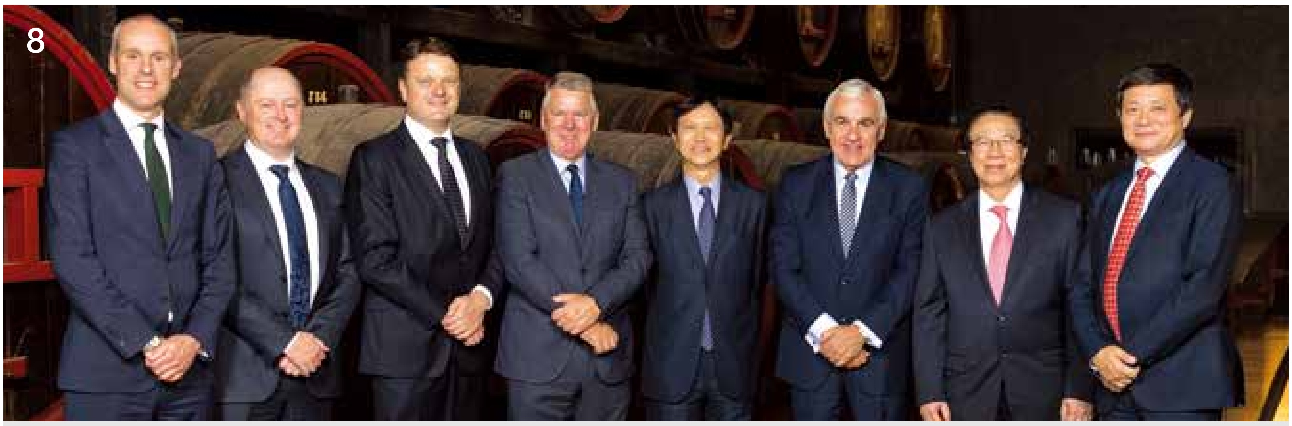
- Second from right: Mr Basil Scarsella, Former CEO, ETSA Utilities (1998-2005); Former CEO, Northern Gas Networks (2005-2010); CEO, UK Power Networks (2010 till now)
- Third from right: Mr Lew Owens, Independent Regulator during 1999; Former CEO, ETSA Utilities (2005-2010); Current Non-executive Director of Australian Gas Networks
- Third from left: Mr Rob Stobbe, CEO, SA Power Networks (2010 till now)

6

The first ETSA Utilities Board and management team after the privatisation in 1999.

7

Key executives and staff members at the time of the privatisation who continue to serve SA Power Networks or CKI group members to this day.



Current CEOs of CKI Group Australian businesses with key CKI executives.

From left to right:

- Mr Ben Wilson, CEO, Australian Gas Infrastructure Group
- Mr Tim Rourke, CEO, Victoria Power Networks and United Energy
- Mr James Harman, CEO, Energy Developments
- Mr Rob Stobbe, CEO, SA Power Networks
- Mr Edmond Ip, Deputy Chairman, CKI
- Mr Basil Scarsella, CEO, UK Power Networks (former CEO of ETSA)
- Mr H L Kam, Group Managing Director, CKI
- Mr Charles Tsai, CEO, Power Assets (member of the ETSA privatisation bidding team)

SALUTING THE "AMALGAMATION OF INDIVIDUAL SUCCESSES"

The story of CKI's development over the past 23 years is one that's abound with serendipitous connections of people and events, all culminating in the CKI family that now stands before you.

First of all, I would like to thank the South Australian Government for selecting us for the ETSA project, and giving us the opportunity to serve the local community in ways great and small. This landmark transaction opened the door to a new world of investment opportunities in Australia and other overseas markets. In 2012, ETSA Utilities was renamed SA Power Networks to reflect our commitment to offer dedicated service to the South Australian community.

In many ways, the story of CKI is also a story of the "Amalgamation of Individual Successes". From that fateful day in 1999 to the present, CKI attributes its success to the hard work and dedication of some 30,000 colleagues all over the globe, at all levels of operation and management, who have all contributed in no small part through their commitment to excellence. We take this opportunity to salute our colleagues and thank them for their loyal service.

At the time of listing in 1996, CKI's vision was "to become a global infrastructure company – one that makes the world a better place through a variety of infrastructure investments and developments in different parts of the world". Looking back at CKI's development over the past 23 years since listing, I am truly proud to say that we have not only achieved our initial vision, but also exceeded our highest hopes. The coming years will be challenging but we are more committed than ever to ensure that when opportunity knocks, we are ready to make our own fate.

H L KAM

Group Managing Director

18th March, 2020

LONG TERM DEVELOPMENT STRATEGY

Since its listing on the Hong Kong Stock Exchange in 1996, CKI has grown from a Greater China-focused company into an international infrastructure enterprise with diverse businesses across different sectors around the world.

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

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

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

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

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

When studying a potential acquisition, CKI focuses on the fundamentals of the target and adopts a conservative approach. CKI never adopts a "must-win" mindset in a bidding situation. Stringent investment criteria must be met which in turn, provide attractive returns and stable recurring cash flows. The Group seeks investments in industries where it can capitalise on existing knowledge, and favours countries that have established legal systems and transparent regulatory regimes. This philosophy keeps CKI's portfolio safe and secure.

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

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2019, CKI had cash on hand of HK$12 billion, and gearing remained low at a net debt to net total capital ratio of 13.5%. CKI enjoys low funding cost with a Standard & Poor's "A/Stable" rating. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

AWARDS

CK INFRASTRUCTURE HOLDINGS LIMITED

Hong Kong Institute of Financial Analysts and Professional Commentators

- Outstanding Listed Company Award 2019

CAPITAL WEEKLY

- The Listed Enterprise Excellence Awards 2019 – Excellent Performance

UK POWER NETWORKS HOLDINGS LIMITED

Edison Electric Institute

- International Edison Award

People in Power Awards 2019

- Training Provider Award

Network Awards 2019

- Innovation Project of the Year

The Safety and Health Excellence Awards 2019

- Campaign of the Year

National Technology Awards

- Internet of Things Project of the Year

The Sunday Times

- Top 25 Best Big Companies to Work For 2019

Motor Transport Awards 2019

- Best Use of Technology

Singapore Power Group

- Second in Global Smart Grid Index

Energy Institute Awards 2019

- Community Initiative Award

NORTHERN GAS NETWORKS LIMITED

International Customer Experience Awards 2019

- Gold for Business Change or Transformation
- Silver for Customer-Centric Culture – Transformation
- Bronze for Best Customer Experience Strategy – CX and Beyond

International CSR Excellence Awards 2019

- CSR World Leaders Award
- Champion of Champions Award
- Partnership Working
- Energy Management

UK Customer Experience Awards

- Gold for Product or Service Development
- Silver for Employees at the Heart of Everything
- Bronze for Use of Insight & Feedback – Customer Satisfaction

Royal Society for the Prevention of Accidents Awards 2019

- Gold Award

National Site Awards 2019

- Gold Award Winner
- Most Considerate Site Under £500k

NORTHUMBRIAN WATER GROUP LIMITED

Ethisphere Institute

- World's Most Ethical Companies List

The Sunday Times

- Top 25 Best Big Companies to Work For 2019

Best Companies

- Best Companies to Work For in the North East – 1st place

Water Industry Awards 2019

- Customer Service Initiative of the Year
- Data Project of the Year

North East Contact Centre Awards

- Most Effective Implementation of Technology

Institute of Internal Communications Central & North Awards 2019

- Best Digital – Class Winner
- Employee Event of the Year – Class Winner
- Video and Animation – Award of Excellence
- The One That Got Away – Award of Excellence

BIM4WATER Award 2019

- Outstanding Achievement in Digital Delivery Within the UK Water Industry

AWARDS

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

Royal Society for the Prevention of Accidents Awards 2019
- Sir George Earle Trophy – Runner Up
- Global Oil and Gas Sector Winner
- Gold Award

Network Awards 2019
- Innovation Project of the Year
- Gamechanger Award for Freedom Project

UK Energy Innovation Awards 2019
- Best Collaborative Project for Freedom Project
- Best Emerging Cross-Vector Technology for Freedom Project
- Social Impact Award for Fuel Poor Mapping

Gas Industry Awards
- Customer Service Award

UK RAILS GROUP

The Golden Spanner Awards 2019
- Gold Spanners (The Most Reliable Train Fleet of its Class) for Class 455, Class 222, Class 185
- Silver Spanners (The Most Improved Train Fleet of its Class) for Class 321 Renatus, Class 802
- Bronze Spanners (For the Fastest Incident Recovery) for Class 802, Class 170, Class 376

SA POWER NETWORKS

Digital Utility Awards 2019
- Digital Utility of the Year – Energy
- Best Use of New Technology Award

2019 South Australian Project Management Awards
- Project of the Year 2019
- Organisation/ Change Management
- ICT/ Telecommunications

ENERGY DEVELOPMENTS PTY LIMITED

2019 Asian Power Awards
- Environmental Upgrade of the Year – Australia

2019 Global Energy Awards
- Award of Excellence – Power Category

ISTA

Top Employers Institute
- Top Employer Europe Award

DIE WELT
- Digital Champions

RELIANCE HOME COMFORT

HomeStars 2019
- Best Of Award

Fonolo
- 2019 Customer Experience Excellence Award

2019 Local Leaders List
- Platinum Local Leader

Waterstone Human Capital
- Canada's Most Admired™ Corporate Cultures – Enterprise 2019

Top 10 Trane Dealer Award (US)
- Pinnacle Award – Largest Residential Dealer in the US

GREEN ISLAND CEMENT COMPANY LIMITED

Bank of China (Hong Kong)
- Corporate Environmental Leadership Awards

The Hong Kong General Chamber of Small and Medium Business
- Partner Employer Award 2019

ALLIANCE CONSTRUCTION MATERIALS LIMITED

Hong Kong Awards for Environmental Excellence
- Bronze Award – Manufacturing Sector

Occupational Safety and Health Council
- Safety Performance Award

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

BUSINESS REVIEW

Investment in

POWER ASSETS

Infrastructure Investments in

UNITED KINGDOM

Infrastructure Investments in

AUSTRALIA

Infrastructure Investments in

NEW ZEALAND

Infrastructure Investments in

CONTINENTAL EUROPE

Infrastructure Investments in

CANADA

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

Investment in
POWER ASSETS

Power Assets is a global investor with assets in power generation, transmission and distribution, gas transmission and distribution as well as oil storage and transmission in 10 markets across the globe – namely the UK, Australia, Mainland China, the Netherlands, Portugal, New Zealand, Thailand, Canada, the United States, and Hong Kong.

Power Assets delivered operating profits in line with expectations for the year ended 31st December, 2019. The profit attributable to shareholders amounted to HK$7,131 million (2018: HK$7,636 million). The decrease was primarily attributable to weak exchange rates for various currencies and lower contributions from its UK and Hong Kong portfolios.

Power Assets' stable underlying performance is an endorsement of the strength of its robust and diverse portfolio of assets that deliver predictable long term income streams. Among its UK portfolio, UK Power Networks, Wales & West Gas Networks and Northern Gas Networks all continued to lead in reliability and customer service. Seabank Power met expectations, with its income governed by an offtake contract based on availability.

In its home market Hong Kong, the operating company, HK Electric, has transitioned smoothly into the new regulatory period. A new gas-fired generation unit, L10, was synchronised in October 2019 and commissioned in February 2020. The company is progressing with other capital works under the 2019-2023 Development Plan which will not only increase its assets base but also increase gas-fired generation further to about 70% of total output by 2023.

In Australia, the electricity distribution networks, SA Power Networks, Victoria Power Networks and United Energy engaged with the regulator and stakeholders to determine acceptable outcomes in regulatory resets. In addition, the gas distribution networks, Australian Gas Networks and Multinet Gas, progressed the construction of a 1.25-MW hydrogen electrolyser plant at the Tonsley Innovation District in South Australia for the Hydrogen Park SA project. This will be used to analyse and develop business models for the use of "green" hydrogen.

Power Assets' gas transmission pipeline in Australia, Dampier Bunbury Pipeline completed and commenced operation of the Tanami Gas Pipeline ahead of schedule. Energy Developments Pty Ltd acquired two additional landfill sites capable of generating approximately 65 MW in the United States. Australian Energy Operations connected the Moorabool and Elaine Wind Farms to the grid in 2019 and started contribution to Power Assets.

While in Mainland China, the transfer of ownership of the Siping cogeneration plant to the mainland joint venture partner was completed in 2019. The operation rights of Zhuhai power plant expired in 2019 and the transfer of its ownership to mainland partners is in progress. This is aligned with Power Assets' global decarbonisation goals and will have reduced its total installed coal-fired generation capacity by 1,600 MW upon completion.

For Power Assets' portfolios in Canada and Continental Europe, Husky Midstream continued to expand its network footprint, delivering a reliable income stream. Within the fleet of the Canadian power plants, the only coal-fired power station in Alberta, the Sheerness power plant, is currently undergoing progressive coal-to-gas conversion and ultimately becoming a 100% gas-fired generating unit. Both AVR-Afvalverwerking B.V. and Iberwind in Europe met expectations and made stable profit contributions.

Wellington Electricity Lines Limited in New Zealand and Ratchaburi Power Plant in Thailand operated smoothly and met customer services targets and performance expectation.

Infrastructure Investments in
UNITED KINGDOM

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

UK POWER NETWORKS HOLDINGS LIMITED

UK Power Networks owns three of the 14 regulated electricity distribution networks in Great Britain, and distributes electricity to over a quarter of the country's population. The company's network is approximately 190,000 kilometres in length and covers an area of about 30,000 square kilometres. It serves approximately 8.25 million customers in London, the south east and east of England. Its reliability rating is the highest in the country. The company also has a non-regulated business – UK Power Networks Services – which designs, builds, owns and operates private networks for both public and private sector clients.

The company was presented the 2019 Edison Electric Institute International Edison Award, an internationally acclaimed award billed as the power industry's most prestigious honour. UK Power Networks won the award for its innovative work which includes the development of a smart grid. Innovative projects have saved UK Power Networks' customers over £180 million since the beginning of the current regulatory price control period in 2015; this amount is the highest amongst UK electricity network operators.

During the year, investments have been made to upgrade active network management ("ANM"); this includes a new intelligent software platform that will enable over 500 MW of distributed energy resources to connect to the network cheaper and faster. By having a complete view of what is happening on the network at any given moment, the system autonomously makes complex decisions to optimise the flow of available power.

In addition, UK Power Networks also supports the development of Electric Vehicles ("EVs"). In the second half of 2019, UK Power Networks launched an EV smart charging trial which explores how smarter charging such as charging during off-peak hours could avoid the building of new infrastructure to meet the increasing electricity demand of EVs.

UK Power Networks owns three of the 14 regulated electricity distribution networks in Great Britain, its reliability rating is the highest in the country.

In 2019, UK Power Networks Services was appointed as the long-term energy infrastructure partner for London City Airport. Projects to be delivered include the design, build, operation and financing of a microgrid which features (i) solar Photo Voltaic (PV), (ii) combined heat and power (CHP) generation for electric vehicle charging infrastructure, as well as (iii) smart grid automation software. The initiatives will double the size of the airport's electrical distribution infrastructure and will upgrade the airport's electricity capacity from 3.6 MVA to 7 MVA. Upon completion, the resilience of the airport's energy system would be increased, energy costs reduced, and Net Zero sustainability objectives achieved.

UK Power Networks Services has also been commissioned to renew and upgrade Manchester Metrolink's electrical infrastructure as part of Transport for Greater Manchester's green transport strategy. The programme will significantly increase the extent of the electric tram system across the city. The first project that UK Power Networks Services will work on is a seven-month programme that will include the replacement of electrical equipment, as well as the assessment and improvement of the current fibre optic communications at electricity substations.

Northumbrian Water achieved four stars in the Environment Performance Assessment report released by the Environment Agency, and is the only company to achieve the highest rating in its sector in national results.

NORTHUMBRIAN WATER GROUP LIMITED

Northumbrian Water is one of the 10 regulated water and sewerage companies in England and Wales. It operates approximately 26,000 kilometres of water mains and 30,000 kilometres of sewers, providing water and wastewater services to 2.7 million people in North East England, and supplies drinking water to 1.8 million people in South East of England.

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

Northumbrian Water was named as one of the "Leading Utilities of the World" – a prestigious network of leading companies from across the globe which represents the gold standard of innovation and performance in the utilities sector. The company was included in the World's Most Ethical Companies List 2019, and is the only water company in the world and one of the two UK-based companies on the list. It is the eighth time Northumbrian Water have received this global recognition from the Ethisphere Institute.

Northumbrian Water achieved four stars in the Environment Performance Assessment report published in July 2019, and is the only company to achieve the highest rating in its sector in national results released by the Environment Agency. The rating demonstrated Northumbrian Water's efforts in protecting rivers, lakes and groundwater from serious pollution and the effects of climate change.

Northumbrian Water, local authorities, other utility services and partners are collaborating to produce a comprehensive underground map of the North East. The aim of the project is to help save lives, reduce accidents and minimise the disruption caused to people when these buried utilities are struck by mistake. The underground mapping idea came from Northumbrian Water's Innovation Festival in 2018 and involves creating a single digital map of all of the pipes and cables that run underground. The Innovation Festival is an annual extravaganza that champions new thinking and innovative ideas to change the world.

During the year, Northumbrian Water completed a three-year flood reduction scheme to reduce the risk of flooding across Killingworth and Longbenton. The work has been carried out in three phases with the support of North Tyneside Council and the Environment Agency. The new storage basins will be utilised during heavy rainfalls to reduce the impact of surface water flooding and help to protect 3,500 homes.

NORTHERN GAS NETWORKS LIMITED

Northern Gas Networks is a gas distribution company that serves the north of England. The network stretches from Northern Cumbria to the North East and includes much of Yorkshire, covering large cities as well as rural areas through 37,000 kilometres of gas distribution pipelines. It transports approximately 13% of the nation's gas to a population of 6.7 million.

Northern Gas Networks' dedication to establishing world-class standards for customer service and to transforming its culture to put customers at the centre was recognised both locally and globally in 2019. The company won three awards at the International Customer Experience Awards 2019, namely the Gold award for Business Change or Transformation, the Silver award for Customer-Centric Culture – Transformation, and the Bronze award for the Best Customer Experience Strategy. The company was also recognised in the UK Customer Experience Awards 2019, receiving the Gold award for Product or Service Development, the Silver for Employees at the Heart of Everything, and the Bronze for Use of Insight & Feedback – Customer Satisfaction. Northern Gas Networks was also named a CSR World Leader at the International CSR Excellence Awards organised by The Green Organisation in recognition of its work to support the communities that it serves.

During the year a robo-engineer was introduced network-wide to carry out repairs inside underground gas pipes. This reduces the number of holes that need to be dug when routine repair and maintenance on large diameter pipes is carried out, and thus, mitigates disruption to customers, and also saves time and money.

H21, the UK gas industry programme led by Northern Gas Networks which focuses on converting the network to carry 100% hydrogen, has launched the first testing facility for 100% hydrogen in collaboration with partners including Wales & West Gas Networks. The testing facility is established at the Health and Safety Executive ("HSE")'s Science and Research Centre in Buxton. The data will be used to provide the evidence to prove the safety of a 100% hydrogen network for homes across the United Kingdom. In November 2019, the H21 programme was awarded a further £6.8 million of Office of Gas and Electricity Markets ("Ofgem")'s innovation funding to support the second phase of research and development.

Another project funded by Ofgem, known as "HyDeploy", is a collaboration led by Cadent alongside its lead partner, Northern Gas Networks, in partnership with HSE and a consortium of industry experts. The first phase of the trial has now started at Keele University's private gas network. Another trial will take place in Winlaton, Gateshead, on Northern Gas Networks' network, where 670 homes and businesses in Winlaton will receive gas blended with 20% hydrogen. This will be the first public UK gas network to use blended hydrogen for heating and cooking. The demonstration is expected to last 10 months starting December 2020.

H21 is a UK gas industry programme led by Northern Gas Networks which focuses on converting the network to carry 100% hydrogen.

Wales & West Utilities is one of eight gas distribution networks in the UK.

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

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

Wales & West Gas Networks' commitment in maintaining industry-leading health and safety performance was recognised in the renowned RoSPA (The Royal Society for the Prevention of Accidents) Health and Safety Awards. The company received a Gold Award for the sixth consecutive year, and was also named the overall Oil and Gas Industry Sector Winner.

In addition, Wales & West Gas Networks was awarded ISO 45001 accreditation for the second time. This standard represents commendation for the company's occupational health and safety management systems. For its considerable efforts in investing in best practices in asset management, Wales & West Gas Networks was awarded the International Certificate of Asset Management System – ISO 55001. It provides a framework for the company to manage its assets and ensure the gas network's safety and reliability.

The "Freedom Project", designed to develop smart, controlled hybrid heating that allows flexible switching between renewable electricity and green gas based on cost and carbon intensity, is a collaboration between Wales & West Gas Networks and an electricity network operator. In the UK Energy Innovation Awards, the project was named the Best Collaborative Project and Best Emerging Cross-Vector Technology. The same project also won the Gamechanger Award in the Network Awards.

Wales & West Gas Networks pledged to deliver a Net Zero ready gas network by 2035 to support decarbonisation of heat, power and transport. It is also the first company in Wales to sign up to the climate change pledge. The company is helping to establish the case for a full transition to and hydrogen, which will help to deliver a Net Zero carbon future in Wales and beyond.

SEABANK POWER LIMITED

Seabank Power Limited is an owner and operator of a combined cycle gas turbine power plant located near Bristol in the South West of England. The power plant has a total generating capacity of approximately 1,150 MW from its two generation units. In 2019, the company's performance was in line with business targets.

UK RAILS GROUP

UK Rails is one of the three major rolling stock owning companies in the United Kingdom. The company leases regional, commuter and high speed passenger trains on long-term contracts to train operating companies and freight locomotives to freight operating companies. UK Rails' rolling stock portfolio includes 22 different fleets of passenger trains comprising over 3,500 passenger vehicles and 83 freight locomotives. It also has two depots.

UK Rails completed the delivery of Hitachi AT300 bi-mode trains last year. These trains serve the West of England from London Paddington to Plymouth and Penzance.

In July, UK Rails Class 195 DMUs and Class 331 EMUs started to go into passenger service operating between Cumbria and Manchester Airport, Liverpool and Manchester Airport, and between Doncaster and Leeds. The new trains feature Wi-Fi, air-conditioning, at-seat power sockets and customer information screens with real-time information.

The new Nova 2 fleet of 60 CAF Class 397 EMU trains have started to enter passenger service in November. These Nova 2 trains run intercity services from Manchester to Scotland and Liverpool to Scotland. The new trains have more luggage space and charging points; they are also equipped with free Wi-Fi.

In 2019, UK Rails' Class 331 EMUs started to go into passenger service.

In 2019, UK Rails' train fleets won a number of accolades in the Golden Spanner Awards, an annual industry award programme. The company's Class 455, Class 222 and Class 185 fleets were recognised with Golden Spanners in the Most Reliable Train Fleet Category. Class 321 Renatus and Class 802 fleets were presented with Silver Spanners in the category of Most Improved Train Fleet; while Class 802, Class 170 and Class 376 fleets received Bronze Spanners in the Fastest Incident Recovery Category.

Infrastructure Investments in

AUSTRALIA

In Australia, CKI has investments in electricity and gas transmission and distribution as well as renewable and remote energy solutions. It owns SA Power Networks, the primary electricity distributor in the state of South Australia; Victoria Power Networks, whose Powercor and CitiPower distribute electricity to approximately 65% of the population in the state of Victoria; United Energy, an electricity distribution business in Victoria serving approximately 688,000 customers across east and southeast Melbourne and the Mornington Peninsula; Australian Gas Networks and Multinet Gas, natural gas distribution and transmission businesses in the country; as well as Dampier Bunbury Pipeline, Western Australia's principal gas transmission pipeline. The Group's portfolio also includes Australian Energy Operations, a renewable energy power transmission business in Victoria, and Energy Developments, a renewable and remote energy solution producer.

According to the Annual Benchmarking Report released by the Australia Energy Regulator, SA Power Networks has consistently been one of the most productive distribution service providers in the National Electricity Market over the last 11 years.

SA POWER NETWORKS

SA Power Networks is an electricity distributor which serves approximately 887,000 customers in South Australia. Its network spans about 178,000 square kilometres.

The Annual Benchmarking Report released by the Australia Energy Regulator ("AER") in November 2019 assessed the productivity growth and efficiency of distribution network service providers in the National Electricity Market ("NEM"). SA Power Networks has consistently been one of the most productive distribution service providers in the NEM over the last 11 years, and is on the productivity frontier.

Enerven, a wholly owned subsidiary of SA Power Networks, was awarded a contract by SA Water to install 242 GWh of solar generation and 33 MWh of storage across a number of SA Water's sites around both metropolitan and regional South Australia. The installations will be carried out across an 18-month period.

For the five-yearly regulatory reset process, the company submitted its 2020-2025 Regulatory Proposal in early 2019. A Draft Decision on the Proposal was released by the AER, and the company submitted its Revised Regulatory Proposal response in late 2019. The AER's final determination will be available in the first half of 2020.

In the Australian Energy Regulator's Annual Benchmarking Report released in November 2019, CitiPower was ranked first in terms of productivity performance among electricity distribution service providers in the country.

VICTORIA POWER NETWORKS PTY LTD

Victoria Power Networks comprises CitiPower and Powercor. CitiPower owns and operates an electricity distribution network that serves 330,000 customers in the central business district and inner suburbs of Melbourne. Powercor covers a service area that includes regional and rural areas in central and Western Victoria, as well as Melbourne's outer western suburbs, supplying electricity to around 830,000 customers.

In the AER's Annual Benchmarking Report released in November 2019, CitiPower was ranked first in terms of productivity performance among electricity distribution service providers in the country.

During the year, CitiPower completed substantial works associated with the Melbourne Central Business District Security of Supply Programme. The Programme aims to ensure that the city can resume electricity supply within 30 minutes in the event of the loss of two 66 kV cables and any resulting power outage.

For Powercor, the company completed an extensive work programme to sustain high reliability of supplies across the network and further mitigate bushfire risk. This included significant upgrades to network infrastructure in high growth areas in the south west, Bellarine Peninsula and Melbourne's western corridor.

The term of the regulatory period was changed as a result of Victorian Government regulation which shifted the commencement date by six months from 1 January to 1 July 2021. The five-year regulatory proposal, which features a plan to deliver more for customers at a lower cost, was submitted to the AER in January 2020.

UNITED ENERGY LIMITED

United Energy distributes electricity to approximately 685,000 customers across east and southeast Melbourne and the Mornington Peninsula. The electricity distribution network covers an area of approximately 1,500 square kilometres, and achieved 99.99% supply reliability in 2019.

The AER Annual Benchmarking Report (November 2019) ranked United Energy second only to CitiPower for its productivity and efficiency based on operating expenditure per customer.

The company's performance benefits from its research and development of industry leading innovations. Last year, advanced network analytics supported programmes to improve low and high voltage asset management as well as network and customer safety. A grant from the Australian Renewable Energy Agency ("ARENA") funded the development of a Dynamic Voltage Management System which aims to stabilise the electricity grid during major frequency changes, and minimise the risk of significant blackouts. Under a trial, the company installed frequency monitors and used data from its smart meter network to promptly stabilise frequency across its 47 zone substations, i.e. controlling points across the electricity network. The system trial will continue into 2020.

Another innovative technology known as Fault Location, Isolation and Service Restoration ("FLISR"), developed by United Energy in 2017, proved that it could automatically restore power within one minute of a fault. Improvement works are now underway to increase the number and complexity of network faults that FLISR can manage. The aim of the improvement programme is to ensure the reliability of the network, and the speedy and safe restoration of power to customers when faults occur.

United Energy submitted its proposal for the 2021-2026 regulatory period. According to the proposal, it offers to raise affordability for customers, while increasing investment in the safety and flexibility of the power network.

United Energy's electricity distribution network achieved 99.99% supply reliability in 2019.

Australian Gas Networks completed the construction of a new 1.84 kilometre cross-river Brisbane gas pipeline, improving the reliability of natural gas supply to more than 80,000 North Brisbane customers.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

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

Australian Gas Networks Limited

Australia Gas Networks owns approximately 25,000 kilometres of natural gas distribution networks and 1,100 kilometres of transmission pipelines, serving approximately 1.3 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Australian Gas Networks completed the construction of a new 1.84 kilometre cross-river Brisbane gas pipeline last year, improving the reliability of natural gas supply to more than 80,000 North Brisbane customers.

2019 also saw the approval granted by the South Australian Government for the construction and operation of the company's A$11.4 million hydrogen production facility, Hydrogen Park SA ("HyP SA") at Tonsley Innovation District. A 1.25 MW electrolyser will be built, and small quantities of renewable hydrogen will be produced and blended into the local gas distribution network in southern areas of Mitchell Park by mid-2020. This is the first such Australian demonstration project of its scale and size. Australian Gas Networks received a A$4.9 million grant from the South Australian Government's Renewable Technology Fund to build and operate the project.

Multinet Gas Limited

Multinet Gas operates a regulated network which covers 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland, serving approximately 700,000 customers.

During the year, Multinet Gas commissioned a new gas supply to Sofitel's new 12-storey 5-Star hotel situated at Chadstone Shopping Centre, approximately 13 kilometres outside of the Melbourne CBD. Gas load for the new hotel is expected to be over 4,200 MJ/h.

The company joined forces with Melbourne's RMIT University and Clifton Hill-based Dant Industries Limited to re-build the Eternal Flame burner and replace other components to keep the flame burning. The Eternal Flame at Melbourne's Shrine of Remembrance is an enduring symbol of eternal life, a perpetual remembrance of the heroism of those who gave their lives during the Second World War. Multinet Gas will continue to take up the maintenance role of the infrastructure that supplies the Eternal Flame for decades to come.

Multinet Gas joined forces with other concerned institutes to re-build the Eternal Flame burner. The Eternal Flame at Melbourne's Shrine of Remembrance is a perpetual remembrance of the heroism of those who gave their lives during the Second World War.

Dampier Bunbury Pipeline

Dampier Bunbury Pipeline is the principal gas transmission pipeline in Western Australia. The Dampier Bunbury Pipeline stretches approximately 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast to mining, industrial, and commercial customers, as well as via other distribution networks to residential customers. The total length of the pipeline including looping and lateral pipelines is 3,080 kilometres.

Dampier Bunbury Pipeline completed the construction of Australia's newest major natural gas pipeline, the 440-kilometre Tanami Pipeline, ahead of schedule last year. This significant project has been commissioned to deliver gas to fuel the power stations at a gold mine in the Northern Territory.

Following the company's completion in early 2019 of the Pluto Inlet Station, a project contracted by Woodside Energy, the company was awarded another major new Western Australian project in November by Woodside Energy for building the pipeline component of its Pluto-North West Shelf ("NWS") Interconnector. The new 30-inch diameter pipeline will run 3.2 kilometres, connecting the Woodside-operated Pluto LNG Plant to the NWS Project's Karratha Gas Plant, transporting gas between the two facilities.

In recognition of the benefits of the synergies brought about by Australian Gas Networks and Multinet Gas since the CKI acquisition, the credit rating of Dampier Bunbury Pipeline was upgraded by Moody's from Baa3 to Baa2 with a stable outlook.

AUSTRALIAN ENERGY OPERATIONS PTY LTD

Australian Energy Operations constructs, owns and operates electricity transmission assets and terminal stations, specialising in the connection of renewable energy generators to the national power grid.

Construction of new connections for the 321 MW Moorabool and 85 MW Elaine wind farms were completed and commissioned last year. With the energisation of these new connections, Australian Energy Operations now provides connection for 777 MW of renewable energy generation.

Dampier Bunbury Pipeline completed the construction of the 440-kilometre Tanami Pipeline in 2019.

In October 2019, EDL acquired Broadrock Renewables, which owns two landfill gas plants in California and Rhode Island in the United States.

ENERGY DEVELOPMENTS PTY LIMITED

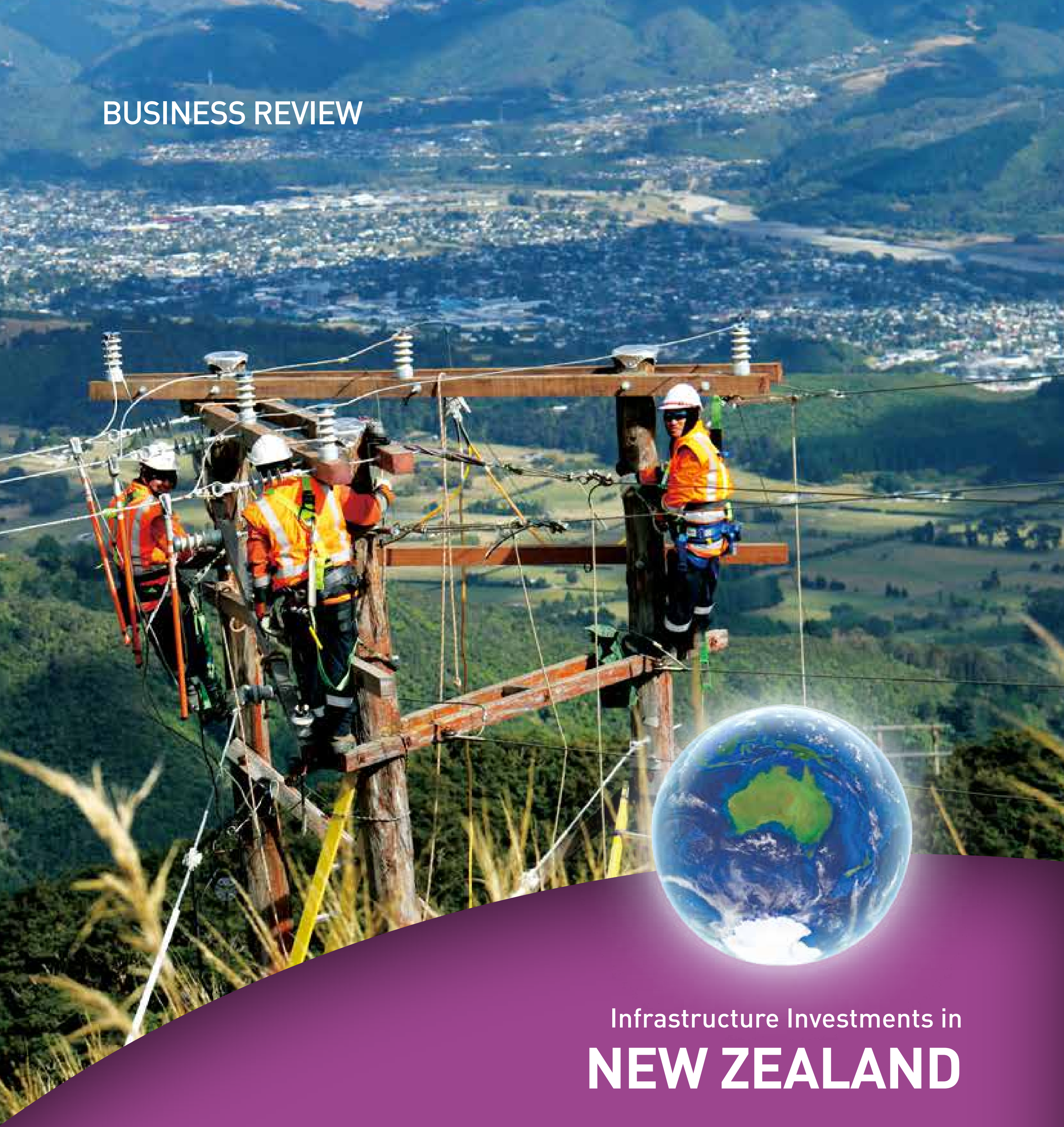
Energy Developments Pty Limited ("EDL") specialises in (i) producing electricity from safe, clean, low greenhouse gas emissions sources such as landfill gas ("LFG"), waste coal mine gas, wind, and solar; as well as (ii) providing energy solutions in remote regions. EDL owns and operates a portfolio of over 1,000 MW of power generation facilities in Australia, North America and Europe.

EDL won the 2019 Asian Power Awards' Environmental Upgrade of the Year for its Coober Pedy Hybrid Renewable Project. The company was recognised for its success in combining the original diesel power station in the remote off-grid town of Coober Pedy with 4 MW wind and 1 MW solar generation, a 1 MW/500 kWh battery and other integration technologies. This initiative has transitioned the energy used in the town from 100% diesel to up to 100% renewables.

EDL completed the first stage of the Agnew Hybrid Renewable Project with the commissioning of a 23 MW power station that integrates photovoltaic solar with gas and diesel generation to power Gold Fields' Agnew Gold Mine. This is one of Australia's largest hybrid renewable microgrid projects. The second stage includes 18 MW wind generation, a 13 MW battery and an advanced micro-grid control system. Upon completion in mid-2020, this will be the first energy project in the Australian mining sector to utilise wind generation as part of a large hybrid microgrid. The project will have a total installed generation capacity of 54 MW, with renewables providing over 50% of the mine's power requirements.

The EDL joint venture with Australia's largest natural gas producer, Woodside, reached a major milestone with the opening of Woodside's liquefied natural gas ("LNG") truck loading facility near Karratha, Western Australia. The joint venture undertakes end-to-end projects including the supply, transport, storage and vaporisation of LNG, as well as remote power generation.

In October 2019, EDL acquired Broadrock Renewables, which owns two LFG plants in California and Rhode Island. The plants are two of the largest and most advanced LFG facilities in the United States with a combined installed generation capacity of 65 MW. With the addition of the Broadrock plants, EDL now owns and operates 30 power stations with a total generation capacity of approximately 270 MW in North America.



Infrastructure Investments in

NEW ZEALAND

In New Zealand, CKI has investments in electricity distribution and waste management. The Group's Wellington Electricity is the electricity distributor which serves the capital city and its surrounding area, while EnviroNZ provides waste collection, management and disposal services nationwide.

WELLINGTON ELECTRICITY LINES LIMITED

Wellington Electricity owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand. Its network extends about 4,700 kilometres, supplying electricity to approximately 168,000 connections across domestic, commercial and industrial sectors.

The three-year Earthquake Readiness Programme approved by the Commerce Commission of New Zealand is proceeding smoothly with half of the upgrading work being completed. The Programme aims to strengthen the network's readiness in response to major earthquake.

During the year, Wellington Electricity carried out a major upgrade of its Gracefield zone substation, which provides power to 9,000 commercial and residential customers in the area of Lower Hutt. The project brought the substation equipment and systems up to the latest technology standards.

In August 2019, Wellington Electricity and its project partner, Greensync, were awarded co-funding support from the New Zealand Government's Low Emission Vehicles Contestable Fund. The project studies smart solutions for electric vehicle charging to help manage peak electricity demand on the network in a cost-effective way.

ENVIRO (NZ) LIMITED

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

Subsequent to EnviroNZ winning a 10-year contract to provide Hamilton City's waste and recycling services, the company commenced the building of a new 2,155 square metre material recovery facility ("MRF"). The specialised plant will use mechanical and manual sorting processes to sort recyclables into bales of paper, cardboard, plastic, aluminum and metals. The first facility of its kind in Hamilton, the MRF will process approximately 8,000 tonnes of recyclable material from kerbside and commercial collections each year.

EnviroNZ was also awarded an extension of its collections contract with New Plymouth District Council for a further two years, to 2024. EnviroNZ's kerbside collection service is part of New Plymouth District Council's plan to achieve Zero Waste by 2040. EnviroNZ will be cutting down its CO_2 emissions by introducing six electric trucks to its fleet.

Last year, EnviroNZ also completed the acquisition of a new disposal site south of Auckland. The site, now known as EnviroFill South, is being developed as a resource recovery and disposal facility for infrastructure waste.

EnviroNZ was awarded an extension of its collections contract with New Plymouth District Council for a further two years, to 2024.

Infrastructure Investments in

CONTINENTAL EUROPE

In Continental Europe, CKI has investments in Dutch Enviro Energy which owns AVR, Netherlands' largest energy-from-waste company; Portugal Renewable Energy, the holding company of Portugal's third-largest wind energy company; and ista, a leading sub-metering player whose key markets are Germany, France, the Netherlands and Denmark.

Dutch Enviro Energy's CO_2 capture facility, the first waste facility of its kind in Europe that is capable of capturing carbon dioxide on a significant scale, commenced operation last year.

DUTCH ENVIRO ENERGY HOLDINGS B.V.

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

Dutch Enviro Energy started using the second line of the plastic separation plant in May 2019. This new automation line removes plastic packaging and beverage cartons from the residual waste of all Rotterdam households.

Dutch Enviro Energy's CO_2 capture facility, the first waste facility of its kind in Europe that is capable of capturing carbon dioxide on a significant scale, also commenced operation last year. The CO_2 released after the incineration of residual waste is captured, cleaned and liquefied for use in greenhouse horticulture. In Duiven, the waste-to-energy plant processes waste from 1.5 million homes and releases about 400,000 tonnes of CO_2. The CO_2 capture facility is able to reuse 60,000 tonnes of this CO_2.

Dutch Enviro Energy won a new contract to continue to transfer, transport and process residual waste for The Hague. The commencement date of the contract is March 1, 2020.

PORTUGAL RENEWABLE ENERGY

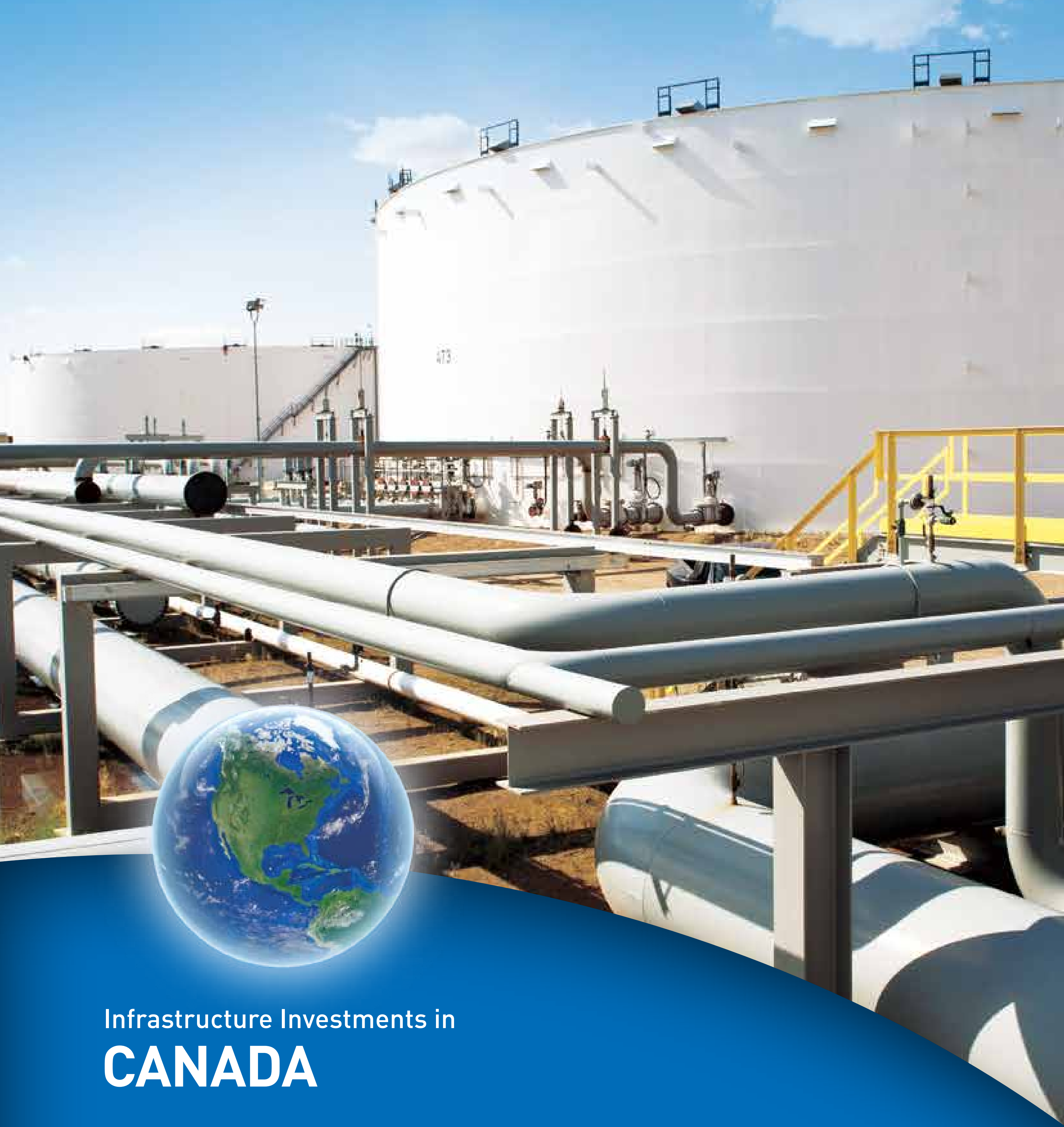
Portugal Renewable Energy is the holding company of Iberwind, the third largest wind energy developer in Portugal with approximately 15% market share. Iberwind has 31 wind farms located across the country with an installed capacity of approximately 730 MW, producing 1.75 TWh annually. The wind farms of Candeeiros and Pampilhosa are among the largest in Europe in terms of on-shore installed capacity, each having greater than 100 MW capacity.

ISTA

ista is a leading international provider of sub-metering and related services with over 100 years of experience. Headquartered in Essen, Germany, ista's operations range from hardware development, manufacturing, installation and maintenance to meter reading, data collection and processing, individual billing, as well as energy data management. In addition, ista offers other services for buildings such as smoke alarms, leakage detection, humidity sensors, drinking water analysis, as well as energy audit certificates. With a presence in over 20 countries, ista services more than 13 million households with over 59 million installed measuring devices. The company's major markets are Germany, France, the Netherlands and Denmark.

ista partners with various technology providers to digitalise and advance its device infrastructure and process solutions. One of the initiatives was a large-scale field trial of narrowband IoT ("NB-IoT") in buildings. In 99.75% of the trial cases, the viability to establish a stable connection that enabled rapid, energy-optimised data transmission was demonstrated. More field trials will be conducted to prove that NB-IoT could facilitate energy consumption measurement in the future.

ista's operations range from hardware development, manufacturing, installation and maintenance to meter reading, data collection and processing, individual billing, as well as energy data management.



Infrastructure Investments in

CANADA

In Canada, CKI has investments in Canadian Power, which holds a portfolio comprising stakes in five electricity generating plants in the country; Park'N Fly, the largest off-airport car park provider in Canada; Canadian Midstream Assets, which holds oil pipeline and storage assets in Canada; and Reliance Home Comfort, a company in the Household Infrastructure portfolio of the Group.

Canadian Power holds a portfolio comprising stakes in five electricity generating plants in Canada.

CANADIAN POWER HOLDINGS INC.

Canadian Power owns (i) 100% of the Meridian cogeneration plant, a 220 MW natural gas-fired plant in the province of Saskatchewan; and (ii) 49.99% of TransAlta Cogeneration, L.P. ("TransAlta"), a company that operates three natural gas-fired cogeneration plants in Alberta and Ontario, as well as a coal-fired plant in Alberta.

In 2020, Canadian Power will commence to convert the Sheerness power station in Alberta from coal-firing to gas-firing. This initiative is expected to extend the plant's life to 2037.

PARK'N FLY

Park'N Fly, Canada's leading off-airport car park company, provides parking solutions to both business and leisure travellers coast-to-coast. Headquartered in Mississauga, Ontario, the company has operations in seven Canadian cities – Vancouver, Edmonton, Winnipeg, Ottawa, Toronto, Montreal and Halifax. It currently has a market share of approximately 80% of the off-airport parking business in the country. The company offers self-park, valet as well as a host of other vehicle related services such as detailing and oil changes in selected cities.

Park'N Fly built a new 6,650-square feet valet facility in Toronto. The additional facility offers separate pick-up and drop-off centres, providing an enhanced experience and smoother process for customers.

Park'N Fly also adopted a registration and payment solution for valet locations in 2019. The deployment of the new hardware and software solution provided consumers with an efficient and user-friendly check-in and check-out process. Customer experience was further enhanced.

Park'N Fly currently has a market share of approximately 80% of the off-airport parking business in Canada.

CANADIAN MIDSTREAM ASSETS

Canadian Midstream Assets comprises approximately 2,200 kilometres of crude oil pipelines and approximately 4.4 million barrels of oil storage capacity in Alberta and Saskatchewan, Canada. Characterised by long-term contracts, Canadian Midstream Assets generates secure and predictable returns for CKI. The company is in the process of diversifying its operations beyond crude oil transportation and storage, expanding into the natural gas transportation and processing sector.

During the year, Canadian Midstream Assets continued to advance its multi-year expansion of the Saskatchewan Gathering System completing new pipeline segments, connecting them to a new thermal production facility. The company also completed construction and placed into service the 120-mmcfd Ansell Corser Gas Plant and the Wembley Gas Gathering Pipeline.

During 2019, the company commenced the construction of two projects to be completed by year-end 2020: (i) three 500-kilobarrel tanks and related infrastructure in Hardisty; and (ii) a new 31-kilometre pipeline connecting oil producing facilities in the Onion Lake area to Canadian Midstream Assets' trunk pipeline. All projects under construction or placed in service in 2019 are supported by long-term contracts with creditworthy customers.

RELIANCE HOME COMFORT

Reliance Home Comfort is principally engaged in the home and commercial services sector providing the sale and rental of water heaters, HVAC (heating, ventilation and air conditioning) equipment, water purification, plumbing, electrical, comfort protection plans and other related services primarily in Ontario, Canada. Reliance Home Comfort serves over 1.9 million customers and has one of the largest networks of licensed technicians in Canada.

Reliance Home Comfort was named by Waterstone Human Capital as one of Canada's Most Admired™ Corporate Cultures of 2019 in the Enterprise category.

In 2019, Reliance Home Comfort completed six acquisitions facilitating expansion in Ontario, Saskatchewan and British Columbia.

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

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

CKI's Hong Kong and Mainland China portfolio consists of materials business and Mainland China infrastructure investments.

Green Island Cement is a leading infrastructure materials supplier for Hong Kong and the Mainland.

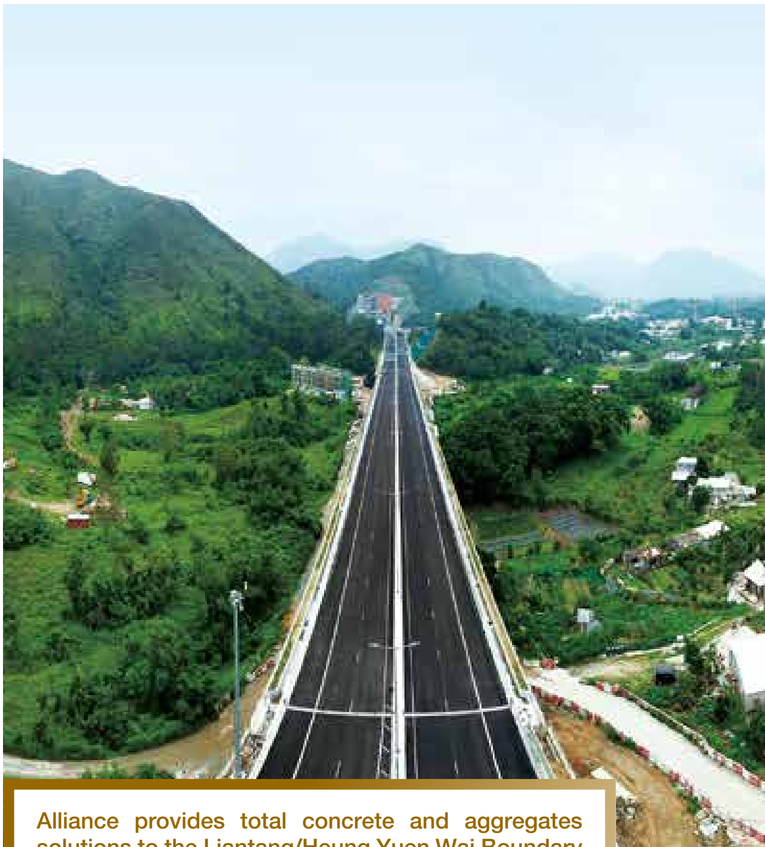
In Mainland China, investments include toll roads and bridges in Guangdong province, namely Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, Panyu Beidou Bridge and Jiangmen Chaolian Bridge. As for infrastructure materials business, CKI has a leading position in the industry in Hong Kong encompassing the production of cement, concrete and aggregates.

Green Island Cement's production plant licence in Hong Kong was renewed, and the new licence covers cement, slag products and wood derived fuel processing. A new slag plant to produce slag and slag cement products is in the construction stage. It is expected to start commissioning in mid-2020.

In order to reuse the waste glass and reduce the amount of glass in landfills, the company began using glass cullet in cement production in Hong Kong. Glass is an ideal replacement of silica, one of the raw materials to produce cement. Currently, the company is able to process 20 to 25 tonnes of glass cullet a year, and this figure is expected to rise in the future.

CKI's concrete and aggregates businesses, which are operated by Alliance Construction Materials Limited ("Alliance"), is a joint venture between CKI and HeidelbergCement AG. The company provides total solutions pertaining to concrete and aggregates to major building and civil projects in Hong Kong. The latest project is the Liantang/Heung Yuen Wai Boundary Control Point, the seventh land crossing between Shenzhen and Hong Kong. The project came into service in 2019.

During the year, Alliance developed the new high performance tremie concrete for foundation projects and launched an environmentally green product which transformed waste concrete to aggregates. The company will continue to conduct research and develop innovative and green solutions on concrete and aggregates for the construction industry.



Alliance provides total concrete and aggregates solutions to the Liantang/Heung Yuen Wai Boundary Control Point project.

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation, loans, notes, bonds, share placement and other project loans.

As at 31st December, 2019, cash and bank deposits on hand amounted to HK$12,077 million and the total borrowings of the Group amounted to HK$31,742 million, which included Hong Kong dollar borrowings of HK$4,620 million and foreign currency borrowings of HK$27,122 million. Of the total borrowings, 14 per cent were repayable in 2020, 82 per cent were repayable between 2021 and 2024 and 4 per cent were repayable beyond 2024. The Group's financing activities continue to be well received and fully supported by its bankers.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars, New Zealand dollars, British pound, Canadian dollars or Euro. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a strong capital structure when considering financing for new investments or maturity of bank loans.

As at 31st December, 2019, the Group maintained a net debt position with a net debt to net total capital ratio of 13.5 per cent. This was based on HK$19,665 million of net debt and HK$146,039 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was lower than that of 16.5 per cent at the year end of 2018, attributable to the cash inflows from the investment portfolios together with the sale proceeds from the partial disposal of interest in an associate.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) appropriate level of borrowings denominated in the local currencies. The Group also entered into certain interest rate swaps to mitigate interest rate risks. As at 31st December, 2019, the notional amounts of these derivative instruments amounted to HK$60,039 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2019:

- leased assets with carrying value of HK$11 million were pledged to secure certain lease liabilities; and
- Certain assets were pledged to secure bank borrowings totalling HK$1,272 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2019, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by an affiliated company	1,161
Other guarantee given in respect of an affiliated company	493
Performance bond indemnities	103
Total	1,757

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,137 employees. Employees' cost (excluding directors' emoluments) amounted to HK$810 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

Preferential subscription of 2,978,000 new shares of the Company was given to those employees who had subscribed for shares of HK$1.00 each in the Company at HK$12.65 per share on the flotation of the Company in 1996. The Group does not have any share option scheme for employees.

BOARD AND KEY PERSONNEL

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

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 55, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005 and the Chairman of the Nomination Committee of the Company since January 2019. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation (formerly known as Li Ka Shing (Overseas) Foundation), the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam

aged 73, has been the Group Managing Director of the Company since its incorporation in May 1996 and a member of the Nomination Committee of the Company since January 2019. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

IP Tak Chuen, Edmond

aged 67, has been an Executive Director of the Company since its incorporation in May 1996, Deputy Chairman of the Company since February 2003 and a member of the Nomination Committee of the Company since January 2019. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning

aged 68, has been an Executive Director and Deputy Chairman of the Company since March 1997 and a member of the Nomination Committee of the Company since January 2019. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Frank John SIXT

aged 68, has been an Executive Director of the Company since its incorporation in May 1996 and a member of the Nomination Committee of the Company since January 2019. Mr. Sixt is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Non-executive Chairman of TOM Group Limited, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Andrew John HUNTER

aged 61, 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 Nomination Committee of the Company since January 2019. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 37 years of experience in accounting and financial management.

CHAN Loi Shun

aged 57, 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 Nomination Committee of the Company since January 2019. He joined Hutchison Whampoa Limited ("HWL") in January 1992 and has been with the CK Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHEN Tsien Hua

aged 57, has been an Executive Director of the Company since January 2017, a member of the Nomination Committee of the Company since January 2019 and the Head of Business Development of the Company since 2005. She joined Hutchison Whampoa Limited in August 1992 and has been with the Company since July 1996. Ms. Chen holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

CHEONG Ying Chew, Henry

aged 72, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He has been a member of the Nomination Committee of the Company since January 2019. He is also an Independent Non-executive Director of CK Asset Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He was previously an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited and Greenland Hong Kong Holdings Limited. He was also previously an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. All the companies mentioned above are listed companies. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee

aged 78, has been an Independent Non-executive Director of the Company since September 2004 and a member of the Nomination Committee of the Company since January 2019. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Nomination Committee of CK Life Sciences Int'l., (Holdings) Inc. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of certain companies 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 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.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

SNG Sow-mei alias POON Sow Mei

aged 78, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004, and a member of the Nomination Committee of the Company since January 2019. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM and ARA Asset Management (Prosperity) Limited. Mrs. Sng is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Colin Stevens RUSSEL

aged 79, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He has been a member of the Nomination Committee of the Company since January 2019. He is also an Independent Non-executive Director of CK Asset Holdings Limited, CK Life Sciences Int'l., (Holdings) Inc. and Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Russel is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

LAN Hong Tsung, David

aged 79, 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 Nomination Committee of the Company since January 2019. He is an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a listed company, and also an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. Dr. Lan is an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr. Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Ltd., Supervisor of Nanyang Commercial Bank (China), Limited and holds directorship at Nanyang Commercial Bank Ltd. and International Probono Legal Services Association Limited. Dr. Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

Barrie COOK

aged 77, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012 and a member of the Nomination Committee of the Company since January 2019. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce ("HKGCC") and was a past Chairman of the HKGCC's Environment and Arab/Africa Committees. Mr. Cook holds a Bachelor of Science Degree in Civil Engineering from University of Durham and a Diploma in Traffic Engineering from the Institution of Highway Engineers in the United Kingdom. He is a Chartered Civil Engineer of the United Kingdom. He was previously a Member of the Institution of Highway Engineers of the United Kingdom and the Hong Kong Institution of Engineers.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Paul Joseph TIGHE

aged 63, has been an Independent Non-executive Director of the Company since April 2017, a member of the Nomination Committee of the Company since January 2019 and a member of the Audit Committee of the Company since March 2019. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., a listed company. Mr. Tighe is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales.

LEE Pui Ling, Angelina

aged 71, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004, has been a Non-executive Director of the Company since September 2004 and a member of the Nomination Committee of the Company since January 2019. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, a non-executive director of the Securities and Futures Commission and a non-executive director of the Mandatory Provident Fund Schemes Authority. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies. Mrs. Lee is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS

aged 84, 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 and a member of the Nomination Committee of the Company since January 2019. He is also a Non-executive Director of CK Hutchison Holdings Limited, a Director of Husky Energy Inc., and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He acted as an Executive Director of Cheung Kong (Holdings) Limited ("CKH") since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH since November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited 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 or overseas. He 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 holds a Master's degree in Economics.

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

aged 66, acted as an Executive Director of the Company from March 1997 to July 2016 and an Alternate Director to Mr. Frank John Sixt, an Executive Director of the Company, from May 2006 to July 2016, and has been an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, since May 2006. Mrs. Chow is a Non-executive Director of CK Hutchison Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

MAN Ka Keung, Simon

aged 62, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the CK Group in December 1987. He is Executive Committee Member and General Manager of Accounts Department of CK Asset Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He has over 39 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Eirene YEUNG

aged 59, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust (currently listed in Hong Kong, and previously listed in Singapore prior to 21st October, 2019). 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 Institute of Chartered Secretaries and The Chartered Governance Institute.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHAN Kee Ham, Ivan

aged 57, Chief Planning and Investment Officer, has been with the Company since September 1999. He is also the Chief Financial Officer of Power Assets Holdings Limited. He has over 30 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.

CHIU Yue Seng

aged 43, Head of Corporate Finance, joined the Company in January 2017. He has over 19 years of experience in investment banking and finance. He holds a Bachelor of Arts degree and a Master's degree in Business Administration.

Donald William JOHNSTON

aged 77, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International Limited, has been with the CK Group since 1988. He holds a Bachelor's degree in Civil Engineering and a Master's degree in Business Administration and is a Chartered Professional Engineer (Retired). He is a member of the Institute of Engineers (Australia) and a fellow of the Institute of Quarrying.

LUK Sai Hong, Victor

aged 56, Group General Counsel, has been with the Company since July 1998. He has over 29 years of experience in the legal field. He holds a Bachelor's degree in Social Science. He was admitted as solicitor of the Supreme Court in England in 1992 and was admitted as solicitor in Hong Kong in 1993. He is a solicitor of the High Court of the HKSAR and is a member of The Law Society of Hong Kong.

LUN Pak Lam

aged 62, Head of China Infrastructure, joined Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited in May 1993 and June 1994 respectively and has been with the Company since July 1996. He holds a Bachelor's and a Master's degree in Engineering, a Master of Finance degree in Investment Management and a Master of Science degree in Financial Analysis.

Duncan Nicholas MACRAE

aged 49, Head of International Business, joined the Company in February 2011. He has over 26 years of experience in the infrastructure investment field. He holds Bachelor's and Master's degrees in Philosophy, Politics & Economics, and is a member of the Institute of Directors, UK.

TONG BARNES Wai Che, Wendy

aged 59, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

TSANG Pak Chung, Eddy

aged 62, Chief Executive Officer of CK Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International Limited and Anderson Asia (Holdings) Limited. He joined the CK Group in January 2005. He is a member of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants and the Chartered Governance Institute. He holds a Bachelor's degree in Economics and a Master's degree in Commerce.

YIP Cheung, Lawrence

aged 56, Head of Internal Audit, has been with the Company since November 1997. He holds a Master's degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a fellow of the Institute of Chartered Accountants in England and Wales.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Christopher AUGHTON

aged 49, has been Chief Executive Officer of Enviro (NZ) Limited ("EnviroNZ") since January 2018. His career spans management and board positions at a variety of international organisations, as well as senior advisory roles in corporate finance and private equity. Prior to joining EnviroNZ, Mr. Aughton was Chief Executive Officer of a multi-national healthcare group headquartered in Sydney, Australia. He had also previously served as Director of Enviro Waste Services Limited (a wholly owned subsidiary of EnviroNZ) from 2007 to 2013. Mr. Aughton holds a Bachelor's degree in Science and a Bachelor's degree in Commerce.

Graham Winston EDWARDS

aged 66, has been Chief Executive of Wales & West Utilities Limited since business start-up in 2005. Mr. Edwards has significant senior management experience across the utility sector – prior to Wales & West Utilities, he worked in the electricity and water sectors, where he held senior posts in human resources, operations, and business leadership roles with full P&L responsibility. He has also spent many years in the manufacturing sector with global automotive and consumer goods companies. Mr. Edwards has a Master's degree in Business Administration, and is a Fellow of the Chartered Institute of Personnel and Development. He is a Vice President of the Institute of Customer Services and a board member of Dwr Cymru Welsh Water and the University of South Wales. He is a previous Wales Chair of both the Confederation of British Industry and Business in the Community.

Derek David GOODMANSON

aged 53, is Chief Executive Officer of Canadian Power Holdings Inc. He joined the company as Technical and Commercial Director in 2011, and was promoted to his current position in 2012. Mr. Goodmanson has over 25 years of experience in engineering, maintenance, project management, operations, and commercial management in the power industry, having held a number of key leadership roles in the power generation and transmission sectors throughout Canada. He holds a Bachelor of Mechanical Engineering degree, and is a Registered Professional Engineer in Canada. He also completed the Ivey Executive Development Programme.

James Christopher HARMAN

aged 51, is Chief Executive Officer of Energy Developments Pty Limited ("EDL"). Before joining EDL in 2016, Mr. Harman had over 20 years of experience in the mining industry in the United Kingdom and Australia, and has extensive international leadership and business development experience. Prior to his current position, he was Group Head of Business Development of a top-tier mining company. He holds a Bachelor's degree in Commerce and a Master's degree in Laws.

Mark John HORSLEY

aged 60, has been Chief Executive Officer of Northern Gas Networks Limited since 2011. He has more than 40 years of experience in the energy sector. Mr. Horsley has held a number of senior appointments in the industry, which include an international built asset consultancy and power companies. Mr. Horsley held the post of Chairman of the UK Energy Networks Association from 2004 to 2006 and was Chairman of the Energy Innovation Centre from 2014 to 2017.

Mary KENNY

aged 54, is Chief Executive Officer of Eversholt Rail. Ms. Kenny was first involved in Eversholt Rail in 1997 as part of the due diligence team of the bank which acquired Eversholt Leasing (now known as Eversholt Rail). Subsequently she worked in Eversholt Rail as Commercial Manager until 2001, before returning to banking where she held various finance roles around the asset and structured finance portfolio. In 2007, Ms. Kenny rejoined Eversholt Rail as Head of Finance and Chief Operating Officer before being promoted to her current position in 2008. During her time with Eversholt Rail, she has overseen a number of significant investment programmes in addition to operational and ownership changes. Ms. Kenny has a Bachelor’s degree in Business and is a qualified Chartered Management Accountant.

Yves Willy André LUCA

aged 54, has been Chief Executive Officer of AVR-Afvalverwerking B.V. (“AVR”) since 2013, where he managed the acquisition by a consortium led by the Group and the transition of AVR. Mr. Luca has 23 years of experience in the waste management industry, where he held several regional and national executive positions, as well as directorships in both managing board and group board in Europe’s leading waste service, raw materials and energy provider group. Over the years, he has been responsible for waste collection operations, recycling activities and energy-from-waste activities in Belgium and Eastern Europe. Mr. Luca holds a Master’s degree in Applied Economic Science.

Arnaldo Navarro MACHADO

aged 74, is Chief Executive Officer of Iberwind. Mr. Machado has held the position since 2009 before Iberwind was acquired by a consortium led by the Group in 2015. Prior to his current role, he held a number of senior management roles the past 30 years and has served on the boards of many different corporations in a wide range of industries including energy, shipping, engineering, breweries and technology. Mr. Machado holds a Bachelor’s degree in Naval Engineering.

Carlo MARRELLO

aged 55, is Chief Executive Officer of Park’N Fly. He joined the company in 2014. Mr. Marrello has over 25 years of experience in executive management, consulting, sales, and operations in both the financial and commercial logistics industries. He has a Bachelor’s degree, and has previously held a number of senior appointments, which include the Global Head of Commodities Logistics at a leading bank in Canada.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Stuart Michael MAYER

aged 53, is General Manager of Seabank Power Limited. He joined the company as Commercial Financial Controller in 2001, and was promoted to his current position in 2007. Mr. Mayer held a variety of commercial and financial roles in the civil and military aero engine sectors in the United Kingdom and overseas. Mr. Mayer is a Chartered Management Accountant with over 30 years of experience in engineering and utilities.

Heidi MOTTRAM

aged 55, is Chief Executive Officer of the Northumbrian Water Group Limited and Northumbrian Water Limited Boards. Ms. Mottram has held the positions since 2010 before Northumbrian Water's acquisition by a consortium led by the Group in October 2011. Prior to her current position, Ms. Mottram has held a number of senior management roles in the rail and transport sector, and she was awarded an OBE in the New Year Honours List 2010 for services to the rail industry. Ms. Mottram is currently a board member of the Confederation of British Industry and the North East Local Enterprise Partnership, and a Vice-Chair of Newcastle University Council. In 2016, she was selected to be the Prince of Wales' Business Ambassador to the North East, in conjunction with Business in the Community. In the same year, Ms. Mottram was also named North East Business Executive of the Year for her contribution to business in the North East of England. In 2018, Ms. Mottram was awarded a CBE in the Queen's Birthday Honours List for her contribution to the water industry and business community.

Sean O'BRIEN

aged 53, is President and Chief Executive Officer of Reliance Home Comfort. Mr. O'Brien has over 20 years of senior leadership experience in sales, general management, marketing and business development, with an emphasis on fostering a high performance culture. Prior to his current role, he was President of Canada's largest industrial supplies distribution company. In 2016 he was recognised as Canada's Most Admired™ CEO and in 2017 won Glassdoor Highest Rated CEO of the Year Award. Mr. O'Brien holds a Bachelor's degree in Social Studies.

Richard Clive PEARSON

aged 74, has been Chairman of Wellington Electricity Distribution Network Limited and its subsidiary companies since the organisation's establishment in 2008. He was also appointed Chairman of Enviro (NZ) Limited in 2013. Prior to his current positions, Mr. Pearson worked for Hutchison Whampoa Group (now known as CK Hutchison Holdings) from 1975 to 2007, holding various senior roles in Hutchison Port Holdings Group, including Managing Director – Europe Division from 2005 to 2007, President of ECT Rotterdam from 2002 to 2004, as well as Managing Director of Hongkong International Terminals Ltd from 1996 to 1998. He is currently a Director of Employers and Manufacturers Association NZ. Mr. Pearson holds a Bachelor's degree in Commerce and is a member of the New Zealand Society of Accountants.

Duane RAE

aged 56, has been Chief Executive Officer of Husky Midstream General Partnership (a subsidiary of Canadian Midstream Assets) since May 2017. He is an experienced executive with broad-based technical, financial, commercial, and regulatory experience in the upstream and midstream energy sectors in Canada and the United States. Before joining Husky Midstream, Mr. Rae was President of the liquids pipelines business unit of a major North American energy infrastructure company. Mr. Rae holds a Bachelor of Science degree in Mechanical Engineering and a Master's degree in Business Administration.

Timothy Hugh ROURKE

aged 48, is Chief Executive Officer of Victoria Power Networks Pty Ltd. (formerly CHEDHA Holdings Pty Ltd.) and its subsidiaries, including CitiPower I Pty Ltd. and Powercor Australia Limited. He is also the Chief Executive Officer of United Energy Limited. Prior to joining Victoria Power Networks in April 2013, Mr. Rourke was Chief Executive Officer of an energy infrastructure business operating in Australia and New Zealand. Previous experience included senior executive roles with a number of Australian based energy and infrastructure companies. Before entering the energy sector, he worked for a multi-national mining company and an international accounting and consultancy firm. Mr. Rourke is Chair of Energy Networks Australia, the national industry association representing electricity and gas distribution business. He holds a Bachelor of Commerce degree.

Basil SCARSELLA

aged 64, has been Chief Executive Officer of UK Power Networks Holdings Limited since its establishment in late 2010. Prior to his current appointment, Mr. Scarsella held a number of senior positions in the Group's businesses, including Chief Executive Officer of Northern Gas Networks Limited in the United Kingdom from 2005 to 2010, and Chief Executive Officer of SA Power Networks (formerly ETSA Utilities) in Australia from 1998 to 2005. Before SA Power Networks was acquired by the Group, he worked in ETSA Utilities and other energy companies in Australia. Mr. Scarsella has a degree in Economics and is a Certified Practising Accountant. He is a Life Member of Football Australia and received the Australian Sports Medal in 2000, and in 2003 became a Member of the Order of Australia (AM) for his services to sport. Mr. Scarsella was the Chairman of the Energy Networks Association in the United Kingdom from 2014 to 2017.

Greg Donald SKELTON

aged 55, is Chief Executive Officer of Wellington Electricity Lines Limited. He has been with the company since its formation in 2009. Mr. Skelton has over 30 years of experience in the fields of production engineering, electrical engineering and business management. He holds a Bachelor's degree in Electrical Engineering, a Master's degree in Business Administration, and is a Fellow of the Institute of Professional Engineers of New Zealand.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Robert STOBBE

aged 63, has been Chief Executive Officer of SA Power Networks (formerly ETSA Utilities) since 2010. He has held senior executive positions from 1999 to 2008 at various businesses of the Group including Northern Gas Networks Limited in the United Kingdom; as well as Powercor Australia Limited, CitiPower I Pty Ltd., and SA Power Networks in Australia. Before returning to SA Power Networks to assume his current position, he held leadership roles in rail and infrastructure investment corporations. Mr. Stobbe holds directorships in charitable organisations including Operation Flinders Foundation and James Brown Memorial Trust. He is also a Director of Business SA and Energy Networks Australia. Mr. Stobbe has a Bachelor of Business (Accounting) degree and is a Fellow of CPA Australia. He is a Member of the Australian Institute of Company Directors.

Peter Peace TULLOCH

aged 76, has been Chairman of SA Power Networks (formerly ETSA Utilities), Victoria Power Networks Pty Ltd. (formerly CHEDHA Holdings Pty Ltd.), as well as its subsidiaries, CitiPower I Pty Ltd. and Powercor Australia Limited since 2005. He was appointed Chairman of Australian Gas Networks Limited (formerly Envestra) in late 2014, and he is also a Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. Mr. Tulloch has over 30 years of banking experience in Asia. He was educated in Scotland and is a Fellow of the Institute of Canadian Bankers.

Benjamin Hollis WILSON

aged 45, is Chief Executive Officer of Australian Gas Networks Limited ("AGN") (formerly Envestra), Multinet Gas Limited, Dampier Bunbury Pipeline and DBP Development Group. He joined the company in March 2015. Before joining AGN, Mr. Wilson was Director of Strategy & Regulation and Chief Financial Officer of UK Power Networks, with responsibility for treasury, long-term business planning, regulation, innovation, and business transformation. Prior to joining UK Power Networks in 2011, Mr. Wilson was an investment banker for 15 years in London and Hong Kong, covering utilities and natural resources financings, mergers and acquisitions and privatisations in Europe, Asia and Latin America. He is a Director and Deputy Chair of Energy Networks Australia, Chairman of the ENA Gas Committee, and a former Director of the Energy Supply Association of Australia. Mr. Wilson holds a Bachelor's degree in Natural Sciences.

Thomas ZINNOECKER

aged 58, is Chief Executive Officer of ista. He has over 20 years of experience in the real estate industry in Germany during which he held a variety of management positions, 15 years of them as Chief Executive Officer. Prior to joining ista, he was Deputy Chief Executive Officer of Germany's largest housing company, and had been Chief Executive Officer of large real estate companies for 11 years. Mr. Zinnoecker holds a Master's degree in Business Administration.

REPORT OF THE DIRECTORS

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2019.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 24 to 51, pages 6 to 11 and pages 12 to 18 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Ten-year Financial Summary on page 5 and Financial Review on pages 52 to 53. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 195 to 200. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2019, if any, are set out in the Chairman's Letter on pages 6 to 11. A discussion on the Group's policies and performance about the environment and an account of the relationships with its key stakeholders are included in the Environmental, Social and Governance Report on pages 181 to 194 of this Annual Report. The above discussions form part of the Report of the Directors.

Many of the Group's businesses and investments in relation to energy, transportation, water, waste management and infrastructure in different parts of the world are subject to local laws and legislations including, for instance, Gas Act 1986 (and associated regulations) and Electricity Safety, Quality and Continuity Regulations in the United Kingdom; National Gas Law and Rules, Gas Distribution System Code and National Electricity (Victoria) Act 2005 in Australia; European Union Energy Efficiency Directive (Directive 2012/27/EU) in Europe; Consumer Protection Act, 2002 (Ontario) and Canadian Environmental Protection Act 1999 in Canada. Each of such businesses is required to work within the ambit of its operating licence(s) in the jurisdictions where it operates and ensures that its local operations comply with relevant laws and regulations that have significant impact on the operation(s) through performing regular audits, completing regular internal compliance reports and putting in place regulatory compliance guideline and procedure. Further information about laws and regulations affecting the businesses of the Group can be found in the Environmental, Social and Governance Report on pages 181 to 194 of the Annual Report.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2019 are set out in the Consolidated Income Statement on page 87.

The Directors recommend the payment of a final dividend of HK$1.78 per share which, together with the interim dividend of HK$0.68 per share paid on 11th September, 2019, makes the total dividend of HK$2.46 per share for the year.

GROUP FINANCIAL SUMMARY

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

DIRECTORS

The Directors of the Company in office at the date of this Annual Report are listed on page 210 and their biographical information is set out on pages 54 to 61.

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

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for otherwise disclosed under the section headed "Connected Transaction", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a specified undertaking of the Company was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2019 and as at the date of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

As at 31st December, 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares/Share Stapled Units					Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.21%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial Owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	3,072,350 (Note 3)	1,160,195,710 (Note 2)	1,163,893,260	30.18%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	5,711,438 (Note 8)	–	5,711,438	0.14%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	Lan Hong Tsung, David	Beneficial owner	13,680	–	–	–	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	–	–	–	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	–	833,868 (Note 9)	936,000	0.02%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 10)	11,895 (Note 10)	–	–	11,895	0.0003%
Power Assets Holdings Limited	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%

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

(1) Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares/Share Stapled Units Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations	–	–	7,870,000 (Note 5)	–	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 8)	–	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	–	–	–	2,000	0.00002%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 8)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	353,292,749 (Note 7)	153,280 (Note 6)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 8)	–	1,202,380	0.024%
	Frank John Sixt	Beneficial owner	255,000	–	–	–	255,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0002%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%

(2) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
CK Hutchison Capital Securities (17) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US$38,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US$38,000,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

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

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

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

2. The 1,160,195,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

   (a) 1,003,380,744 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

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

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

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

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

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

Notes (Cont'd):

3. The 3,072,350 shares in CK Hutchison comprise:

    (a) 2,272,350 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

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

    (c) 500,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF", formerly known as Li Ka Shing (Overseas) Foundation). By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

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

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

    (a) 2,700,000 share stapled units held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

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

6. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.

7. The 353,292,749 shares in HTHK comprise:

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

    (b) 245,546 shares held by LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

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

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

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

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2019, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2019, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	(1) Beneficial owner	1,906,681,945 (Note i)	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097 (Note iv)		
CK Hutchison Global Investments Limited	(1) Interest of controlled corporations	1,906,681,945 (Note ii)	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097 (Note iv)		
CK Hutchison Holdings Limited	(1) Interest of controlled corporations	1,906,681,945 (Note iii)	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097 (Note iv)		

Notes:

i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited ("HIHL"), an indirect subsidiary of CK Hutchison Global Investments Limited ("CK Global"). Its interests are duplicated in the interests of CK Global in the Company described in Note ii below.

ii. CK Global is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as certain subsidiaries of CK Global are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HIHL.

iii. CK Hutchison Holdings Limited ("CK Hutchison") is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as CK Hutchison is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of CK Global.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (CONT'D)

Notes (Cont'd):

iv. The 131,065,097 shares are held by OVPH Limited ("OVPH") by virtue of the US$1,200,000,000 5.875% Guaranteed Perpetual Capital Securities ("Perpetual Securities") issued on 2nd March, 2016. The Perpetual Securities were issued by OVPH and guaranteed by the Company. A swap agreement was entered into between the Company and OVPH under which OVPH is obliged to act in accordance with directions from the Company on certain matters. As a result, the Company is deemed by virtue of section 316(2) of the SFO to be interested in such voting shares as OVPH is interested. HIHL, CK Global and CK Hutchison are in turn deemed to be interested in the same 131,065,097 shares of the Company held by OVPH for the reasons set out in Notes ii and iii above.

Save as disclosed above, as at 31st December, 2019, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTION

As disclosed in 2018 Annual Report, an economic benefits agreement ("Economic Benefits Agreement") was entered into on 31st August, 2018 by Success Ally Global Limited ("Success Ally", an indirect wholly-owned subsidiary of the Company) with Henley Riches Limited ("Henley", an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited ("CKHH")) and CKHH (as guarantor of Henley) whereby the transaction constituted a connected transaction for the Company under the Listing Rules, which was announced on 31st August, 2018. On 31st July, 2019, Success Ally, Henley and CKHH entered into a supplemental agreement ("Supplemental Agreement") whereby the parties agreed to amend and restate the Economic Benefits Agreement to provide certain ancillary protections in relation to Success Ally's interest under the Economic Benefits Agreement with effect from the date of satisfaction of the conditions set out in the Supplemental Agreement, which was announced on 31st July, 2019.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

(a) Core Business Activities of the Group

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

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Non-executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(8)
	Husky Energy Inc.	Co-Chairman	(1)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Chairman	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (7)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman	(7)
	Husky Energy Inc.	Co-Chairman	(1)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

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

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Frank John Sixt	CK Hutchison Holdings Limited	Group Finance Director and Deputy Managing Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
	TOM Group Limited	Non-executive Chairman	(7) & (8)
	Husky Energy Inc.	Director	(1)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Executive Director	(1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(7) & (8)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	Husky Energy Inc.	Director	(1)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
Man Ka Keung, Simon	Vermillion Aviation Holdings Limited	Director	(2)
Eirene Yeung	Accipiter Holdings Designated Activity Company	Director	(2)

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

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

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31st December, 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2019, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31st December, 2019.

MANAGEMENT CONTRACTS

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

PUBLIC FLOAT

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

DONATIONS

Donations made by the Group during the year amounted to HK$2,378,000.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 31st December, 2019, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 31st December, 2019 is set out below:

HK$ million	
Non-current assets	606,036
Current assets	31,793
Current liabilities	(63,775)
Non-current liabilities	(432,787)
Net assets	141,267
Share capital	54,314
Reserves	87,206
Non-controlling interests	(253)
Total equity	141,267

As at 31st December, 2019, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$102,469 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2019 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 169 to 171.

AUDITOR

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment at the 2020 annual general meeting.

On behalf of the Board
VICTOR T K LI
Chairman

18th March, 2020

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of CK Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 87 to 151, which comprise the consolidated statement of financial position as at 31st December, 2019, 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, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONT'D)

Valuation of interests in associates and joint ventures

Key audit matter	How our audit addressed the key audit matter
We identified the valuation of interests in associates and joint ventures as a key audit matter due to the significance of the Group's interests in associates and joint ventures in the context of the Group's consolidated financial statements, combined with the judgements involved in management's impairment assessment of the interests in associates and joint ventures, in particular, the future prospects of each associate and joint venture. As at 31st December, 2019, the carrying amounts of interests in associates and joint ventures amounted to HK$36,814 million and HK$104,952 million, respectively, which represented approximately 22% and 64% of the Group's total assets, respectively. As disclosed in note 4(e) to the consolidated financial statements, interests in associates and 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 associates and 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 associates and joint ventures may be impaired. For those associates and joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment. As disclosed in notes 18 and 19 to the consolidated financial statements, no further impairment of interests in associates and joint ventures was considered to be necessary by the management as at 31st December, 2019.	Our procedures in relation to the valuation of interests in associates and joint ventures included: • Assessing the appropriateness of the management's accounting for interests in associates and joint ventures; • Understanding the management's process for identifying the existence of impairment indicators in respect of the interests in associates and joint ventures and evaluating the effectiveness of such process; • Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant associates and joint ventures and obtaining an understanding from the management of their financial position and future prospects; • Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets, and evaluating the reasonableness of these budgets with reference to the future prospects of those associates and joint ventures as well as our knowledge of the industry and business; and • Performing sensitivity analysis on the key inputs to evaluate the magnitude of their impacts on the calculations of the recoverable amounts of those associates and joint ventures and assessing the sufficiency of provision for impairment loss made against interests in joint ventures by comparing the recoverable amounts of the relevant joint ventures against carrying amounts of the interests in the relevant joint ventures.

KEY AUDIT MATTERS (CONT'D)

Hedge accounting and the related disclosures for currency derivatives

Key audit matter	How our audit addressed the key audit matter
We identified the hedge accounting for currency derivatives and the adequacy of the related disclosures as a key audit matter because the evaluation of hedge effectiveness involved management's judgement and estimation. Besides, the changes in fair values of these currency derivatives also had a significant impact on the consolidated financial statements. As disclosed in note 5(a) to the consolidated financial statements, the Group was exposed to currency risk primarily arising from foreign investments. As further disclosed in note 21 to the consolidated financial statements, the Group utilised currency derivatives to hedge these investments during the year ended 31st December, 2019. These currency derivatives which were designated and effective as net investment hedges, gave rise to assets of HK$2,559 million and liabilities of HK$395 million as at 31st December, 2019 and the fair value changes of these currency derivatives have been deferred in equity at 31st December, 2019.	Our procedures in relation to the hedge accounting and the related disclosures for currency derivatives included: • Obtaining an understanding of and assessing the design and implementation of the management's controls over the valuation of currency derivatives and hedge accounting; • Inspecting the hedge documentations and contracts and evaluating the management's assessment of hedge effectiveness, on a sample basis, to evaluate the accounting for these currency derivatives in accordance with the requirements of Hong Kong Financial Reporting Standards 9 Financial Instruments ("HKFRS 9"); • Obtaining confirmations directly from contract counterparties to verify the existence of each currency derivative held at 31st December, 2019; • Reperforming mark-to-market valuations on a sample basis with the involvement of our financial instruments valuation specialists, to evaluate whether the fair values of the currency derivatives had been reasonably calculated by the management; and • Assessing the adequacy of the disclosures in respect of the currency derivatives and hedge accounting in accordance with the disclosure requirements of HKFRS 7 Financial Instruments: Disclosures, HKFRS 13 Fair Value Measurement and HKFRS 9.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Keung To Wai, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18th March, 2020

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK$ million	Notes	2019	2018
Turnover	7	**36,125**	37,923
Sales and interest income from infrastructure investments	7	**6,733**	7,149
Other income	8	**1,271**	386
Operating costs	9	**(3,665)**	(3,923)
Finance costs	10	**(332)**	(502)
Exchange loss		**(26)**	(51)
Share of results of associates		**3,033**	3,405
Share of results of joint ventures		**4,459**	4,894
Profit before taxation	11	**11,473**	11,358
Taxation	12(a)	**(129)**	(105)
Profit for the year	13	**11,344**	11,253
Attributable to:			
Shareholders of the Company		**10,506**	10,443
Owners of perpetual capital securities		**796**	796
Non-controlling interests		**42**	14
		11,344	11,253
Earnings per share	14	**HK$4.17**	HK$4.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

HK$ million	2019	2018
Profit for the year	**11,344**	11,253
Other comprehensive (expense)/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	**(139)**	43
(Loss)/Gain from fair value changes of derivatives designated as effective net investment hedges	**(348)**	2,984
Exchange differences on translation of financial statements of foreign operations	**259**	(4,202)
Share of other comprehensive expense of associates	**(302)**	(783)
Share of other comprehensive (expense)/income of joint ventures	**(410)**	66
Reserves released upon disposal of an associate	**173**	–
Reserves released upon disposal of joint ventures	**(5)**	–
Income tax relating to components of other comprehensive income	**236**	62
	(536)	(1,830)
Items that will not be reclassified to profit or loss:		
Actuarial gain of defined benefit retirement plan	**–**	5
Share of other comprehensive income of associates	**204**	263
Share of other comprehensive income of joint ventures	**552**	711
Income tax relating to components of other comprehensive income	**(107)**	(173)
	649	806
Other comprehensive income/(expense) for the year	**113**	(1,024)
Total comprehensive income for the year	**11,457**	10,229
Attributable to:		
Shareholders of the Company	**10,622**	9,421
Owners of perpetual capital securities	**796**	796
Non-controlling interests	**39**	12
	11,457	10,229

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	2019	2018
Property, plant and equipment	16	**2,805**	2,508
Investment properties	17	**398**	382
Interests in associates	18	**36,814**	38,191
Interests in joint ventures	19	**104,952**	95,892
Other financial assets	20	**1,871**	7,821
Derivative financial instruments	21	**1,107**	2,448
Goodwill and intangible assets	22	**2,486**	2,556
Deferred tax assets	28	**3**	12
Total non-current assets		**150,436**	149,810
Inventories	23	**137**	170
Derivative financial instruments	21	**1,452**	567
Debtors and prepayments	24	**1,082**	1,133
Bank balances and deposits	25	**12,077**	6,090
Total current assets		**14,748**	7,960
Bank and other loans	26	**4,447**	1,442
Derivative financial instruments	21	**345**	14
Creditors, accruals and others	27	**5,361**	4,703
Taxation		**150**	128
Total current liabilities		**10,303**	6,287
Net current assets		**4,445**	1,673
Total assets less current liabilities		**154,881**	151,483
Bank and other loans	26	**27,295**	28,697
Derivative financial instruments	21	**547**	396
Deferred tax liabilities	28	**450**	463
Other non-current liabilities		**215**	23
Total non-current liabilities		**28,507**	29,579
Net assets		**126,374**	121,904
Representing:			
Share capital	30	**2,651**	2,651
Reserves		**108,953**	104,522
Equity attributable to shareholders of the Company		**111,604**	107,173
Perpetual capital securities	31	**14,701**	14,701
Non-controlling interests		**69**	30
Total equity		**126,374**	121,904

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

18th March, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December

	Attributable to shareholders of the Company											
HK$ million	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	Total
At 1st January, 2018	2,651	25,299	(9,245)	6,062	68	(2,861)	(6,899)	88,699	103,774	14,701	18	118,493
Profit for the year	–	–	–	–	–	–	–	10,443	10,443	796	14	11,253
Gain from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	43	–	–	43	–	–	43
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	2,984	–	2,984	–	–	2,984
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(4,200)	–	(4,200)	–	(2)	(4,202)
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	(222)	(561)	263	(520)	–	–	(520)
Share of other comprehensive income of joint ventures	–	–	–	–	–	66	–	711	777	–	–	777
Actuarial gain of defined benefit retirement plan	–	–	–	–	–	–	–	5	5	–	–	5
Income tax relating to components of other comprehensive income	–	–	–	–	–	62	–	(173)	(111)	–	–	(111)
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(51)	(1,777)	11,249	9,421	796	12	10,229
Final dividend paid for the year 2017	–	–	–	–	–	–	–	(4,309)	(4,309)	–	–	(4,309)
Interim dividend paid	–	–	–	–	–	–	–	(1,713)	(1,713)	–	–	(1,713)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(796)	–	(796)
At 31st December, 2018	2,651	25,299	(9,245)	6,062	68	(2,912)	(8,676)	93,926	107,173	14,701	30	121,904
Opening adjustments arising from adoption of HKFRS 16	–	–	–	–	–	–	–	(68)	(68)	–	–	(68)
At 1st January, 2019 (as restated)	2,651	25,299	(9,245)	6,062	68	(2,912)	(8,676)	93,858	107,105	14,701	30	121,836
Profit for the year	–	–	–	–	–	–	–	10,506	10,506	796	42	11,344
Loss from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	(139)	–	–	(139)	–	–	(139)
Loss from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	(348)	–	(348)	–	–	(348)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	262	–	262	–	(3)	259
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	(439)	137	204	(98)	–	–	(98)
Share of other comprehensive (expense)/income of joint ventures	–	–	–	–	–	(410)	–	552	142	–	–	142
Reserves released upon disposal of an associate	–	–	–	–	–	39	134	–	173	–	–	173
Reserves released upon disposal of joint ventures	–	–	–	–	–	–	(5)	–	(5)	–	–	(5)
Income tax relating to components of other comprehensive income	–	–	–	–	–	236	–	(107)	129	–	–	129
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(713)	180	11,155	10,622	796	39	11,457
Final dividend paid for the year 2018	–	–	–	–	–	–	–	(4,410)	(4,410)	–	–	(4,410)
Interim dividend paid	–	–	–	–	–	–	–	(1,713)	(1,713)	–	–	(1,713)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(796)	–	(796)
At 31st December, 2019	**2,651**	**25,299**	**(9,245)**	**6,062**	**68**	**(3,625)**	**(8,496)**	**98,890**	**111,604**	**14,701**	**69**	**126,374**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

HK$ million	Notes	2019	2018
OPERATING ACTIVITIES			
Cash from operations	33(a)	**4,242**	3,994
Income taxes paid		**(78)**	(112)
Net cash from operating activities		**4,164**	3,882
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(363)**	(323)
Disposals of property, plant and equipment		**6**	4
Addition to financial assets		**–**	(7,154)
Additions to intangible assets		**(76)**	(100)
Advances to associates		**(24)**	(9)
Repayment from an associate		**112**	263
Investments in joint ventures		**(102)**	(1,157)
Advances to joint ventures		**(93)**	(1)
Return of capital from a joint venture		**29**	44
Repayment from joint ventures		**25**	1,422
Disposal of an associate		**2,314**	–
Disposal of joint ventures		**74**	–
Dividends received from associates		**2,388**	7,241
Dividends received from joint ventures		**1,966**	2,434
Interest received		**194**	133
Net cash received on hedging instruments		**453**	322
Net cash flows from investing activities		**6,903**	3,119
Net cash flows before financing activities		**11,067**	7,001
FINANCING ACTIVITIES			
New bank and other loans	33(b)	**3,688**	7,480
Repayments of bank and other loans	33(b)	**(1,445)**	(10,778)
Repayment of lease principal	33(b)	**(26)**	–
Finance costs paid		**(369)**	(576)
Interest paid of lease liabilities	33(b)	**(9)**	–
Dividends paid		**(6,123)**	(6,022)
Distribution paid on perpetual capital securities		**(796)**	(796)
Net cash utilised in financing activities		**(5,080)**	(10,692)
Net increase/(decrease) in cash and cash equivalents		**5,987**	(3,691)
Cash and cash equivalents at 1st January		**6,090**	9,781
Cash and cash equivalents at 31st December	25	**12,077**	6,090

1. GENERAL

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 Group's Annual Report. 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 and Canada.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted a number of revised 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, 2019. Except as described below, the adoption of those revised 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.

HKFRS 16 "Leases"

In the current year, the Group has adopted HKFRS 16 "Leases". HKFRS 16 is effective for the accounting periods beginning on or after 1st January, 2019. The Group has applied HKFRS 16 using the modified retrospective approach without restating comparative information retrospectively. Upon initial application, the additional lease liabilities were recognised and right-of-use assets were measured at the carrying amounts as if HKFRS 16 had been applied since commencement dates, which were discounted using the incremental borrowing rates at the date of initial application. The impact of the initial application is recognised in the opening balance of equity as at 1st January, 2019. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees.

Prior to 1st January, 2019, lease contracts were classified as operating leases or finance leases. From 1st January, 2019 onwards, HKFRS 16 distinguishes lease contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low-value assets. For short-term leases and leases of low-value assets, the Group recognises lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within operating costs in the consolidated income statement.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

HKFRS 16 "Leases" (Cont'd)

Right-of-use assets are initially measured at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the incremental borrowing rate of the lessee. 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.

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

HKFRS 17	Insurance Contracts
Amendments to HKFRS 3	Definition of a Business
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 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

3. SUMMARY OF EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

At the date of initial application of HKFRS 16, the reconciliation from the operating lease commitments to the lease liabilities recognised is as follows:

HK$ million	
Operating lease commitments at 31st December, 2018 as disclosed in the consolidated financial statements	296
Operating lease commitments at 31st December, 2018, discounted using the incremental borrowing rate at 1st January, 2019	221
Finance lease liabilities as at 31st December, 2018	14
Recognition exemption for short-term leases and leases of low-value assets	(91)
Extension options reasonably certain to be exercised	92
Lease liabilities as at 1st January, 2019	**236**

HK$ million	
Portion classified as:	
Current liabilities	23
Non-current liabilities	213
	236

4. 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.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets

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

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

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

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

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

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

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

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

(e) Associates and Joint Ventures

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

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

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

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

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

(g) Investment Properties

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

(h) Inventories

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

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(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.

Interest income from investments in debt securities are recognised when the Group's right to receive payment is established.

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. Amount 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.

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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Debtors

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

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

Cash and cash equivalents

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

Bank and other loans

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

Creditors

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

Equity instruments

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

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

Financial guarantee contracts

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

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Impairment

The Group recognises a loss allowance for expected credit loss on financial assets, financial guarantee and loan commitments 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, 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.

(j) Revenue Recognition

Sales of goods

Revenue from sales of goods is recognised when a performance obligation is satisfied, which can be 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.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Revenue Recognition (Cont'd)

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.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(k) Foreign Currencies (Cont'd)

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.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(m) Leases

From 1st January, 2019, 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. 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 comprises 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.

Prior to 1st January, 2019, for operating lease, leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable under operating leases are recorded in the consolidated income statement an a straight-line basis over the respective lease terms.

For finance leases, leases that transfer substantially all the risks and rewards of ownership of the leased assets to the lessees are accounted for as finance leases.

Assets held under finance leases are recognised as assets at their fair values or, if lower, at the present value of the minimum lease payment at the dates of inception. The corresponding liabilities to the lessor are shown within bank and other loans in the consolidated statement of financial position as obligations under finance leases. Finance costs are charged to the consolidated income statement over the terms of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(n) Employee Retirement Benefits

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

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

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

5. 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 23 per cent of the Group's borrowings (2018: 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 21.

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 73 per cent of the Group's bank balances and deposits at the end of the reporting period (2018: 61 per cent). Those bank balances and deposits are mainly denominated in United States dollars, Australian dollars, Pounds sterling, Canadian dollars, New Zealand dollars and Euros. The management maintains the portfolio of bank deposits denominated in different currencies and the exposure to currency risk is kept to an appropriate level.

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

(a) Currency Risk (Cont'd)

Sensitivity analysis

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

	2019		2018	
HK$ million	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	**48**	**(478)**	53	(452)
Pounds sterling	**73**	**(1,207)**	42	(1,160)
Japanese yen	**(107)**	**–**	(105)	–
Canadian dollars	**6**	**(342)**	4	(327)
New Zealand dollars	**2**	**(73)**	2	(73)
Euros	**3**	**(519)**	4	(526)

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.

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

(b) Interest Rate Risk

The Group's interest rate risk relates primarily to floating rate borrowings and deposits. In relation to these floating rate borrowings, the management aims at keeping borrowings at fixed rates at appropriate level by entering into interest rate swaps. In order to achieve this result, the Group entered into interest rate swaps to hedge against certain exposures to changes in interest rates of the borrowings. The management adopts a policy of ensuring that all the material borrowings of the Group are effectively on a fixed rate basis, either through the contractual terms of the loan facilities agreements or through the use of interest rate swaps.

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 21 and 26, respectively.

Sensitivity analysis

At 31st December, 2019, 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$12 million (2018: HK$41 million). Other comprehensive income would increase by HK$35 million (2018: HK$223 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 point 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 upon application of HKFRS 9 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 made. Normally, the Group does not obtain collateral covering the outstanding balances.

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

(c) Credit Risk (Cont'd)

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

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

Debt securities investments are normally liquid securities for long term strategic purposes. Transactions involving derivative financial instruments and liquid funds are also with banks or financial institutions of high credit standing.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. Except for the guarantees given by the Group as set out in note 36, 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 36.

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 24.

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, Canadian dollars, New Zealand dollars and Euros. 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.

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

(d) Liquidity Risk (Cont'd)

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

	2019						2018					
HK$ million	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Unsecured bank loans	23,938	24,947	4,836	4,760	15,351	–	22,007	23,644	519	4,895	18,230	–
Secured bank loans	1,272	1,338	27	27	1,284	–	1,228	1,242	1,242	–	–	–
Lease liabilities	214	282	31	30	61	160	–	–	–	–	–	–
Obligations under finance leases	–	–	–	–	–	–	14	14	4	4	6	–
Unsecured notes and bonds	6,532	7,063	90	90	5,469	1,414	6,890	7,523	305	91	275	6,852
Trade creditors	248	248	248	–	–	–	228	228	228	–	–	–
Other payables and accruals	732	732	714	–	–	18	705	705	682	–	–	23
	32,936	34,610	5,946	4,907	22,165	1,592	31,072	33,356	2,980	4,990	18,511	6,875
Derivatives settled gross:												
Currency derivatives held as net investment hedging instruments:												
– outflow		50,433	26,193	3,137	12,704	8,399		50,574	15,982	9,998	10,753	13,841
– inflow		(53,854)	(27,623)	(3,615)	(13,525)	(9,091)		(54,623)	(16,527)	(11,790)	(11,821)	(14,485)
		(3,421)	(1,430)	(478)	(821)	(692)		(4,049)	(545)	(1,792)	(1,068)	(644)

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

(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 20. 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, 2019, 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$85 million (2018: HK$383 million). A 5 per cent decrease in the prices will have no impact on other comprehensive income (2018: no impact). 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 20). 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) Fair Value

Except for certain investments in securities which are stated at amortised 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, 2019, investment properties amounting to HK$398 million (2018: HK$382 million) and unlisted investment in securities amounting to HK$508 million (2018: HK$497 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 (2018: HK$7,154 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.

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

(g) 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, 2019 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	**1,795**	**–**	**1,795**	**(219)**	**–**	**1,576**
Financial liability						
Derivative financial instruments	**(219)**	**–**	**(219)**	**219**	**–**	**–**

As at 31st December, 2018 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	1,052	–	1,052	(6)	–	1,046
Financial liability						
Derivative financial instruments	(6)	–	(6)	6	–	–

6. 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 are 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, 2019 is HK$881 million (2018: HK$905 million). Details of the impairment testing of goodwill are disclosed in note 22.

(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, 2019 is HK$1,605 million (2018: HK$1,651 million).

7. 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. The turnover 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	2019	2018
Sales of infrastructure materials	**2,172**	2,272
Interest income from loans granted to associates	**289**	332
Interest income from loans granted to joint ventures	**2,784**	3,045
Sales of waste management services	**1,488**	1,500
Sales and interest income from infrastructure investments	**6,733**	7,149
Share of turnover of joint ventures	**29,392**	30,774
Turnover	**36,125**	37,923

8. OTHER INCOME

Other income includes the following:

HK$ million	2019	2018
Gain on disposal of an associate	427	–
Gain on disposal of joint ventures	88	–
Bank interest income	196	136
Change in fair values of investment properties	16	22

9. OPERATING COSTS

Operating costs include the following:

HK$ million	2019	2018
Depreciation of property, plant and equipment	220	195
Amortisation of intangible assets	81	32
Cost of inventories sold	1,742	1,943
Cost of services provided	860	873

10. FINANCE COSTS

HK$ million	2019	2018
Interest and other finance costs on		
Bank borrowings	590	696
Notes and bonds	95	103
Lease liabilities	10	–
Others	(363)	(297)
Total	332	502

11. PROFIT BEFORE TAXATION

HK$ million	2019	2018
Profit before taxation is arrived at after charging:		
Staff costs	810	790
Operating lease rental for land and buildings	–	57
Lease expenses relating to short-term leases and leases of low-value assets	40	–
Directors' emoluments (note 34)	113	111
Auditor's remuneration	9	8

12. 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	2019	2018
Current taxation – Hong Kong	1	–
Current taxation – outside Hong Kong	111	95
Deferred taxation (note 28)	17	10
Total	129	105

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

HK$ million	2019	2018
Profit before taxation	11,473	11,358
Less: Share of results of associates	(3,033)	(3,405)
Share of results of joint ventures	(4,459)	(4,894)
	3,981	3,059
Tax at 16.5% (2018: 16.5%)	657	505
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(318)	(237)
Income not subject to tax	(323)	(282)
Expenses not deductible for tax purpose	84	98
Tax losses and other temporary differences not recognised	20	15
Others	9	6
Tax charge	129	105

13. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

	Investment in Power Assets Holdings Limited		Infrastructure Investments: United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Turnover	–	–	17,401	18,405	6,387	6,741	5,033	5,238	3,148	3,319	2,101	2,093	2,055	2,127	36,125	37,923	–	–	36,125	37,923
Sales and interest income from infrastructure investments	–	–	1,474	1,562	681	789	680	731	2,172	2,272	238	243	1,488	1,552	6,733	7,149	–	–	6,733	7,149
Bank interest income	–	–	–	–	–	–	–	–	50	33	–	–	1	1	51	34	145	102	196	136
Other income	–	–	–	–	22	–	–	–	56	144	–	–	2	6	80	150	480	100	560	250
Change in fair value of derivative financial instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10	–	10
Depreciation and amortisation	–	–	–	–	–	–	–	–	(136)	(81)	–	–	(164)	(145)	(300)	(226)	(1)	(1)	(301)	(227)
Other operating costs	–	–	–	–	(1)	(2)	–	–	(1,863)	(2,057)	–	–	(1,128)	(1,168)	(2,992)	(3,227)	(372)	(479)	(3,364)	(3,706)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(57)	(70)	(57)	(70)	(275)	(432)	(332)	(502)
Exchange gain / (loss)	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	1	(26)	(52)	(26)	(51)
Gain on disposal of an associate	427	–	–	–	–	–	–	–	–	–	–	–	–	–	427	–	–	–	427	–
Gain on disposal of joint ventures	–	–	–	–	–	–	–	–	88	–	–	–	–	–	88	–	–	–	88	–
Share of results of associates and joint ventures	2,564	2,903	3,161	3,713	1,381	1,279	105	139	115	151	98	100	68	14	7,492	8,299	–	–	7,492	8,299
Profit / (Loss) before taxation	2,991	2,903	4,635	5,275	2,083	2,066	785	870	482	463	336	343	210	190	11,522	12,110	(49)	(752)	11,473	11,358
Taxation	–	–	(5)	–	–	–	–	–	(69)	(60)	(1)	(8)	(36)	(18)	(111)	(86)	(18)	(19)	(129)	(105)
Profit / (Loss) for the year	2,991	2,903	4,630	5,275	2,083	2,066	785	870	413	403	335	335	174	172	11,411	12,024	(67)	(771)	11,344	11,253
Attributable to:																				
Shareholders of the Company	2,991	2,903	4,630	5,275	2,083	2,066	785	870	371	389	335	335	174	172	11,369	12,010	(863)	(1,567)	10,506	10,443
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	796	796	796	796
Non-controlling interests	–	–	–	–	–	–	–	–	42	14	–	–	–	–	42	14	–	–	42	14
	2,991	2,903	4,630	5,275	2,083	2,066	785	870	413	403	335	335	174	172	11,411	12,024	(67)	(771)	11,344	11,253

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

for the year ended 31st December

			Infrastructure Investments																	
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**133**	152	**–**	–	**248**	171	**381**	323	**–**	–	**381**	323
– Additions to intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	91	**–**	–	**76**	9	**76**	100	**–**	–	**76**	100
– Investments in joint ventures	**–**	–	**–**	387	**–**	33	**–**	–	**–**	–	**102**	112	**–**	625	**102**	1,157	**–**	–	**102**	1,157
as at 31st December																				
Assets																				
Interests in associates and joint ventures	**30,742**	31,765	**56,022**	47,111	**28,637**	29,311	**16,917**	16,824	**832**	834	**7,628**	7,255	**988**	983	**141,766**	134,083	**–**	–	**141,766**	134,083
Property, plant and equipment and investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**1,882**	1,850	**–**	–	**1,318**	1,039	**3,200**	2,889	**3**	1	**3,203**	2,890
Other segment assets	**–**	–	**636**	627	**–**	–	**–**	–	**2,988**	2,675	**4**	6	**2,682**	2,722	**6,310**	6,030	**–**	–	**6,310**	6,030
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**13,905**	14,767	**13,905**	14,767
Total assets	**30,742**	31,765	**56,658**	47,738	**28,637**	29,311	**16,917**	16,824	**5,702**	5,359	**7,632**	7,261	**4,988**	4,744	**151,276**	143,002	**13,908**	14,768	**165,184**	157,770
Liabilities																				
Segment liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**887**	852	**13**	10	**2,189**	1,940	**3,089**	2,802	**–**	–	**3,089**	2,802
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**35,721**	33,064	**35,721**	33,064
Total liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**887**	852	**13**	10	**2,189**	1,940	**3,089**	2,802	**35,721**	33,064	**38,810**	35,866

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

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

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

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

14. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK$10,506 million (2018: HK$10,443 million) and on 2,519,610,945 shares (2018: 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 31) 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.

15. DIVIDENDS

(a)

HK$ million	2019	2018
Interim dividend paid of HK$0.68 per share (2018: HK$0.68 per share)	1,713	1,713
Proposed final dividend of HK$1.78 per share (2018: HK$1.75 per share)	4,485	4,410
Total	**6,198**	6,123

During the year, dividends of HK$6,198 million (2018: HK$6,123 million) are stated after elimination of HK$322 million (2018: HK$318 million) paid/proposed for the shares issued in connection with the issue of perpetual capital securities (note 31).

(b)

HK$ million	2019	2018
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.75 per share (2018: HK$1.71 per share)	4,410	4,309

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2019, is stated after elimination of HK$229 million (2018: HK$224 million) for the shares issued in connection with the issue of perpetual capital securities (note 31).

16. 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, 2018	393	109	194	1,377	3,029	–	68	5,170
Additions	–	42	23	46	210	–	2	323
Disposals	–	–	–	–	(98)	–	(2)	(100)
Exchange translation differences	–	(4)	(7)	(39)	(100)	–	(2)	(152)
At 31st December, 2018	393	147	210	1,384	3,041	–	66	5,241
Adjustment upon application of HKFRS 16	–	–	–	–	(29)	343	–	314
At 1st January, 2019 (as restated)	393	147	210	1,384	3,012	343	66	5,555
Transfer between categories	–	–	–	–	9	(9)	–	–
Additions	–	–	83	14	257	18	9	381
Disposals	–	–	–	–	(73)	–	(5)	(78)
Termination of leases	–	–	–	–	–	(22)	–	(22)
Exchange translation differences	–	(3)	(4)	(28)	(70)	(9)	–	(114)
At 31st December, 2019	393	144	289	1,370	3,135	321	70	5,722
Accumulated depreciation								
At 1st January, 2018	201	51	–	688	1,726	–	42	2,708
Charge for the year	6	3	–	22	157	–	7	195
Disposals	–	–	–	–	(96)	–	(2)	(98)
Exchange translation differences	–	(2)	–	(16)	(53)	–	(1)	(72)
At 31st December, 2018	207	52	–	694	1,734	–	46	2,733
Adjustment upon application of HKFRS 16	–	–	–	–	(12)	121	–	109
At 1st January, 2019 (as restated)	207	52	–	694	1,722	121	46	2,842
Transfer between categories	–	–	–	–	6	(6)	–	–
Charge for the year	6	3	–	23	156	26	6	220
Disposals	–	–	–	–	(69)	–	(5)	(74)
Termination of leases	–	–	–	–	–	(17)	–	(17)
Exchange translation differences	–	(1)	–	(10)	(38)	(3)	(2)	(54)
At 31st December, 2019	213	54	–	707	1,777	121	45	2,917
Carrying value								
At 31st December, 2019	**180**	**90**	**289**	**663**	**1,358**	**200**	**25**	**2,805**
At 31st December, 2018	186	95	210	690	1,307	–	20	2,508

At 31st December, 2018, the carrying value of the Group's mains, pipes, other plant and machinery includes an amount of HK$17 million in respect of assets held under finance leases.

17. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2018	360
Change in fair values	22
At 31st December, 2018	382
Change in fair values	16
At 31st December, 2019	**398**

The fair values of the Group's investment properties at 31st December, 2019 and 2018 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.

18. INTERESTS IN ASSOCIATES

HK$ million	2019	2018
Investment costs		
– Listed in Hong Kong	**8,036**	8,495
– Unlisted	**730**	730
Share of post-acquisition reserves	**25,125**	25,855
	33,891	35,080
Amounts due by unlisted associates (note 37)	**2,923**	3,111
	36,814	38,191
Market value of investment in a listed associate	**43,747**	44,054

Included in the amounts due by unlisted associates are subordinated loans of HK$2,744 million (2018: HK$2,946 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

18. INTERESTS IN ASSOCIATES (CONT'D)

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

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

	Power Assets	
HK$ million	2019	2018
Current assets	**5,015**	5,475
Non-current assets	**88,556**	85,962
Current liabilities	**(4,324)**	(4,072)
Non-current liabilities	**(3,755)**	(3,808)
Equity	**85,492**	83,557
Reconciled to the Group's interests in the material associate		
Group's effective interest	**35.96%**	38.01%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	**30,742**	31,765

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

	Power Assets	
HK$ million	2019	2018
Turnover	**1,348**	1,555
Profit for the year	**7,131**	7,636
Other comprehensive income/(expense)	**804**	(1,113)
Total comprehensive income	**7,935**	6,523
Dividend received from the material associate	**2,149**	7,139

18. INTERESTS IN ASSOCIATES (CONT'D)

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

HK$ million	2019	2018
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	**3,149**	3,315
Aggregate amounts of the Group's share of those associates'		
Profit for the year	**469**	502
Other comprehensive expense	**(281)**	(80)
Total comprehensive income	**188**	422

Particulars of the principal associates are set out in Appendix 2 on pages 148 and 149.

19. INTERESTS IN JOINT VENTURES

HK$ million	2019	2018
Investment costs	**51,795**	45,963
Share of post-acquisition reserves	**11,513**	8,598
	63,308	54,561
Impairment losses	**(75)**	(141)
	63,233	54,420
Amounts due by joint ventures (note 37)	**41,719**	41,472
	104,952	95,892

Included in the amounts due by joint ventures are subordinated loans of HK$27,105 million (2018: HK$27,082 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

The Directors reviewed certain joint ventures' operations and financial positions as at 31st December, 2019 and no further impairment loss is considered necessary for the year (2018: nil).

19. INTERESTS IN JOINT VENTURES (CONT'D)

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

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

	CK William		UK Power Networks	
HK$ million	2019	2018	2019	2018
Current assets	3,341	2,800	6,795	3,961
Non-current assets	88,812	88,388	132,638	122,879
Current liabilities	(8,677)	(9,046)	(9,738)	(7,789)
Non-current liabilities	(64,216)	(62,854)	(72,421)	(67,850)
Equity	19,260	19,288	57,274	51,201
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	7,704	7,715	22,910	20,480
Consolidation adjustments at Group level and non-controlling interests	660	611	120	118
Carrying amount of the joint ventures in the consolidated financial statements	8,364	8,326	23,030	20,598
Included in the above assets and liabilities:				
Cash and cash equivalents	818	512	3,244	979
Current financial liabilities (excluding trade and other payables and provisions)	(5,666)	(5,692)	(978)	(894)
Non-current financial liabilities (excluding trade and other payables and provisions)	(56,050)	(55,028)	(59,071)	(55,207)

19. INTERESTS IN JOINT VENTURES (CONT'D)

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

	CK William		UK Power Networks	
HK$ million	**2019**	2018	**2019**	2018
Turnover	**10,418**	10,936	**15,829**	18,623
Profit for the year	**1,223**	810	**5,295**	7,173
Other comprehensive (expense)/income	**(412)**	(291)	**1,908**	971
Total comprehensive income	**811**	519	**7,203**	8,144
Dividend received from the joint ventures	**–**	116	**953**	1,014
Included in the above profit:				
Depreciation and amortisation	**(2,482)**	(2,804)	**(2,681)**	(2,592)
Interest income	**19**	14	**287**	302
Interest expense	**(2,302)**	(2,771)	**(2,533)**	(2,771)
Income tax expense	**(718)**	(585)	**(1,196)**	(1,585)

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

HK$ million	**2019**	2018
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**31,839**	25,496
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	**1,851**	1,701
Other comprehensive (expenses)/income	**(436)**	377
Total comprehensive income	**1,415**	2,078

Particulars of the principal joint ventures are set out in Appendix 3 on pages 150 and 151.

20. OTHER FINANCIAL ASSETS

HK$ million	2019	2018
Financial assets at fair value through profit or loss		
Equity securities, unlisted	**508**	497
Other investments#	**1,189**	7,154
Financial assets at amortised cost		
Debt securities, unlisted	**174**	170
Total	**1,871**	7,821

Other investments represent 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. On 30th December, 2019, certain other investments were remeasured at fair value and recognised as interest in joint ventures.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2019		2018	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	**1,872**	**(369)**	2,588	(6)
Cross currency swaps	**687**	**(26)**	427	(45)
Interest rate swaps	**–**	**(497)**	–	(359)
	2,559	**(892)**	3,015	(410)
Portion classified as:				
Non-current	**1,107**	**(547)**	2,448	(396)
Current	**1,452**	**(345)**	567	(14)
	2,559	**(892)**	3,015	(410)

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives

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

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

As at 31st December, 2019 Notional amount	Maturity
Sell AUD 159.3 million^	2020
Sell CAD 291.6 million^	2020
Sell GBP 2,011.0 million^	2020
Sell EUR 200.0 million^	2020
Sell NZD 280.0 million^	2020
Sell CAD 100.0 million^	2021
Sell GBP 250.4 million^	2021
Sell CAD 400.0 million^	2022
Sell EUR 515.0 million^	2022
Sell GBP 76.0 million^	2022
Sell CAD 200.0 million^	2024
Sell EUR 450.0 million^	2024
Sell CAD 132.5 million^	2025
Sell AUD 1,414.8 million^	2027

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives (Cont'd)

As at 31st December, 2018 Notional amount	Maturity
Sell AUD 159.3 million^	2019
Sell CAD 184.2 million^	2019
Sell GBP 1,261.4 million^	2019
Sell NZD 280.0 million^	2019
Sell CAD 114.9 million^	2020
Sell EUR 200.0 million^	2020
Sell GBP 760.0 million^	2020
Sell CAD 100.0 million^	2021
Sell GBP 250.4 million^	2021
Sell CAD 400.0 million^	2022
Sell EUR 515.0 million^	2022
Sell GBP 76.0 million^	2022
Sell CAD 200.0 million^	2024
Sell EUR 450.0 million^	2024
Sell CAD 132.5 million^	2025
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$2,164 million (2018: HK$2,964 million) (net assets to the Group) have been deferred in equity at 31st December, 2019.

None of above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2019 and 2018.

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Interest Rate Swaps

During the current year, the Group utilised interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The notional principal amounts of the interest rate swap contracts outstanding as at 31st December, 2019 and the major terms of these contracts are as follows:

As at 31st December, 2019 HK$ million	**Floating interest rate**	**Weighted average fixed interest rate**	**Notional principal amount**
Contracts maturing in 2022	BKBM*	1.53%	771
Contracts maturing in 2022	LIBOR*	1.89%	6,096
Contracts maturing in 2025	BBSW*	2.70%	2,738

As at 31st December, 2018 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2019	BKBM*	3.48%	792
Contracts maturing in 2022	LIBOR*	1.89%	5,952
Contracts maturing in 2025	BBSW*	2.70%	2,835

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

The fair values of the above interest rate swaps that are designated and effective as cash flow hedges totalling HK$327 million (2018: HK$189 million) (net liabilities to the Group) have been deferred in equity at 31st December, 2019.

22. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2019	2018
Goodwill	**881**	905
Intangible assets	**1,605**	1,651
Total	**2,486**	2,556

Goodwill

HK$ million	2019	2018
At 1st January	**905**	934
Exchange difference	**(24)**	(29)
At 31st December	**881**	905

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 (2018: 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 (2018: 3 per cent). The Group considers that cash flow projections of 5 years (2018: 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 7.5 per cent to 8.5 per cent (2018: 7.6 per cent to 13.7 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, 2019 and 2018.

22. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Intangible Assets

HK$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Operation license	Others	Total
Cost							
At 1st January, 2018	129	60	1,505	58	–	13	1,765
Additions	–	–	–	9	91	–	100
Exchange translation differences	(4)	(2)	(46)	(3)	–	(1)	(56)
At 31st December, 2018	125	58	1,459	64	91	12	1,809
Additions	–	–	71	4	–	1	76
Exchange translation differences	(3)	(1)	(37)	(2)	(2)	–	(45)
At 31st December, 2019	122	57	1,493	66	89	13	1,840
Accumulated amortisation							
At 1st January, 2018	–	32	75	12	–	11	130
Charge for the year	–	6	18	6	1	1	32
Exchange translation differences	–	(1)	(2)	–	–	(1)	(4)
At 31st December, 2018	–	37	91	18	1	11	158
Charge for the year	–	6	17	6	52	–	81
Exchange translation differences	–	(1)	(2)	–	(1)	–	(4)
At 31st December, 2019	–	42	106	24	52	11	235
Carrying value							
At 31st December, 2019	**122**	**15**	**1,387**	**42**	**37**	**2**	**1,605**
At 31st December, 2018	125	21	1,368	46	90	1	1,651

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 legal lives or contract lives.

23. INVENTORIES

HK$ million	2019	2018
Raw materials	**37**	65
Work-in-progress	**32**	39
Stores, spare parts and supplies	**47**	43
Finished goods	**21**	23
Total	**137**	170

24. DEBTORS AND PREPAYMENTS

HK$ million	2019	2018
Trade debtors	**263**	274
Prepayments, deposits and other receivables	**819**	859
Total	**1,082**	1,133

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

HK$ million	2019	2018
Current	**171**	173
Less than 1 month past due	**70**	81
1 to 3 months past due	**17**	15
More than 3 months but less than 12 months past due	**10**	10
More than 12 months past due	**7**	8
Amount past due	**104**	114
Loss allowance	**(12)**	(13)
Total after allowance	**263**	274

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.

24. DEBTORS AND PREPAYMENTS (CONT'D)

During the year ended 31st December, 2019, 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 0.1% to 31.4% 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	2019	2018
At 1st January	**13**	25
Impairment loss recognised	**1**	1
Impairment loss written back	**(2)**	(5)
Uncollective amounts written off	**–**	(7)
Exchange translation differences	**–**	(1)
At 31st December	**12**	13

25. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 1.98 per cent (2018: 1.84 per cent) per annum.

26. BANK AND OTHER LOANS

HK$ million	2019	2018
Unsecured bank loans repayable:		
Within 1 year	**4,447**	–
In the 2nd year	**4,421**	4,424
In the 3rd to 5th year, inclusive	**15,070**	17,583
	23,938	22,007
Obligations under finance leases repayable:		
Within 1 year	**–**	4
In the 2nd year	**–**	4
In the 3rd to 5th year, inclusive	**–**	6
	–	14
Unsecured notes and bonds repayable:		
Within 1 year	**–**	210
In the 2nd year	**–**	–
In the 3rd to 5th year, inclusive	**5,202**	–
After 5 years	**1,330**	6,680
	6,532	6,890
Secured bank loans repayable:		
Within 1 year	**–**	1,228
In the 2nd year	**–**	–
In the 3rd to 5th year, inclusive	**1,272**	–
	1,272	1,228
Total	**31,742**	30,139
Portion classified as:		
Current liabilities	**4,447**	1,442
Non-current liabilities	**27,295**	28,697
Total	**31,742**	30,139

26. BANK AND OTHER LOANS (CONT'D)

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

	Bank loans		Finance leases		Notes		Bonds		Total	
HK$ million	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
GBP	**3,048**	2,976	**–**	–	**–**	–	**–**	–	**3,048**	2,976
AUD	**14,593**	15,108	**–**	–	**–**	–	**–**	–	**14,593**	15,108
JPY	**1,070**	840	**–**	–	**1,070**	1,260	**–**	–	**2,140**	2,100
EUR	**867**	895	**–**	–	**–**	–	**5,202**	5,370	**6,069**	6,265
NZD	**1,272**	1,228	**–**	14	**–**	–	**–**	–	**1,272**	1,242
USD	**–**	8	**–**	–	**–**	–	**–**	–	**–**	8
HKD	**4,360**	2,180	**–**	–	**260**	260	**–**	–	**4,620**	2,440
Total	**25,210**	23,235	**–**	14	**1,330**	1,520	**5,202**	5,370	**31,742**	30,139

The average effective interest rate of the Group's bank loans is 2.23 per cent (2018: 2.40 per cent) per annum. For the year ended 31st December, 2018, the average effective interest rate of the Group's finance lease was 7.22 per cent per annum.

The Group's notes and bonds of HK$6,532 million (2018: HK$6,890 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 or British Bankers Association Interest Settlement Rate for JPY deposit plus an average margin less than 1 per cent (2018: 2 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1.00 per cent to 4.00 per cent (2018: interest ranging from 1.00 per cent to 5.82 per cent for fixed rate notes, bonds and finance leases) per annum.

Certain assets were pledged to secure bank borrowings totalling HK$1,272 million granted to the Group. At 31st December, 2018, shares of a subsidiary were pledged to secure bank borrowings totalling HK$1,228 million granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

26. BANK AND OTHER LOANS (CONT'D)

Details of the present value of the minimum finance lease payments at 31st December, 2018 were shown below:

HK$ million	2018
Minimum lease payments:	
Within 1 year	4
In the 2nd year	4
In the 3rd to 5th year, inclusive	6
	14
Less: Future finance charges	–
Present value of lease payments	14
Less: Amount due for settlement within 12 months	(4)
Amount due for settlement after 12 months	10

At 31st December, 2018, the remaining weighted average lease term was 2.47 years. All leases were denominated in NZD on a fixed repayment basis and no arrangements had been entered into for contingent rental payments. The Group's obligations under finance leases were secured by the lessors' charge over the leased assets (note 16).

27. CREDITORS, ACCRUALS AND OTHERS

HK$ million	2019	2018
Trade creditors	**248**	228
Other payables and accruals	**5,091**	4,475
Lease liabilities	**22**	–
Total	**5,361**	4,703

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

HK$ million	2019	2018
Current	**194**	171
1 month	**26**	32
2 to 3 months	**7**	7
Over 3 months	**21**	18
Total	**248**	228

At 31st December, 2019, non-current lease liabilities of HK$192 million has included under other non-current liabilities.

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

HK$ million	2019
Within 1 year	**22**
Within a period of more than 1 year but not more than 2 years	**30**
Within a period of more than 2 years but not more than 5 years	**54**
Within a period of more than 5 years	**108**
	214
Less: Amount due for settlement within 12 months shown under current liabilities	**(22)**
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	**192**

28. DEFERRED TAX ASSETS/LIABILITIES

HK$ million	2019	2018
Deferred tax assets	**(3)**	(12)
Deferred tax liabilities	**450**	463
Total	**447**	451

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, 2018	81	(6)	408	(22)	461
Charge to profit for the year	7	–	–	3	10
Exchange translation differences	(2)	–	(13)	1	(14)
Others	–	–	–	(6)	(6)
At 31st December, 2018	86	(6)	395	(24)	451
Adjustment upon application of HKFRS 16	–	–	–	(4)	(4)
At 1st January, 2019 (as restated)	86	(6)	395	(28)	447
Charge/(credit) to profit for the year	66	(67)	4	14	17
Exchange translation differences	(2)	–	(11)	–	(13)
Others	–	6	–	(10)	(4)
At 31st December, 2019	**150**	**(67)**	**388**	**(24)**	**447**

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

Apart from the unused tax losses of which the deferred tax assets were recognised as presented above, the Group had unused tax losses and other unused tax credits totalling HK$1,563 million (2018: HK$1,464 million) at 31st December, 2019. 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	2019	2018
Within 1 year	–	19
In the 2nd year	80	84
In the 3rd to 5th year, inclusive	30	106
No expiry date	1,453	1,255
Total	**1,563**	1,464

29. 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.

29. RETIREMENT PLANS (CONT'D)

Defined Contribution Retirement Plans (Cont'd)

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

The Group's costs in respect of defined contribution plans for the year amounted to HK$27 million (2018: HK$25 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 (2018: HK$2 million). At 31st December, 2019, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2018: nil).

30. SHARE CAPITAL

	Number of Shares		Amount	
	2019	2018	**2019 HK$ million**	2018 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	**2,650,676,042**	2,650,676,042	**2,651**	2,651

31. PERPETUAL CAPITAL SECURITIES

On 1st March, 2016, OVPH Limited (the "Issuer") issued US$1,200 million perpetual capital 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. Distribution by the Issuer may be deferred at its sole discretion. These perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer's option on 1st March, 2021, or any distribution payment date falling 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 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 above perpetual capital 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 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.

32. 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 26, 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 13.5 per cent (2018: 16.5 per cent) as at 31st December, 2019. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2018.

The net debt to net total capital ratios at 31st December, 2019 and 2018 were as follows:

HK$ million	2019	2018
Total debts	**31,742**	30,139
Bank balances and deposits	**(12,077)**	(6,090)
Net debt	**19,665**	24,049
Net total capital	**146,039**	145,953
Net debt to net total capital ratio	**13.5%**	16.5%

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.

33. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash from Operations

HK$ million	2019	2018
Profit before taxation	11,473	11,358
Share of results of associates	(3,033)	(3,405)
Share of results of joint ventures	(4,459)	(4,894)
Interest income from loans granted to associates	(289)	(332)
Interest income from loans granted to joint ventures	(2,784)	(3,045)
Bank interest income	(196)	(136)
Finance costs	332	502
Depreciation of property, plant and equipment	220	195
Amortisation of intangible assets	81	32
Change in fair values of investment properties	(16)	(22)
Gain on disposal of property, plant and equipment	(2)	(2)
Gain on disposal of an associate	(427)	–
Gain on disposal of joint ventures	(88)	–
Change in fair value of derivative financial instruments	–	(10)
Curtailments of defined benefit retirement plans	–	(4)
Unrealised exchange loss/(gain)	39	(6)
Returns received from joint ventures	134	94
Interest received from associates	284	346
Interest received from joint ventures	2,453	2,982
Others	3	(71)
Operating cash flows before changes in working capital	3,725	3,582
Decrease in inventories	33	–
Decrease/(Increase) in debtors and prepayments	21	(363)
Increase in creditors and accruals	952	508
Exchange translation differences	(489)	267
Cash from operations	**4,242**	3,994

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

(b) Reconciliation of liabilities arising from financial activities

HK$ million	Unsecured bank loans	Secured bank loans	Lease liabilities	Obligations under finance leases	Unsecured notes and bonds	Total
At 1st January, 2018	26,648	1,284	–	24	7,080	35,036
Financing cash flows	(3,272)	(16)	–	(10)	–	(3,298)
Exchange loss	(1,369)	(40)	–	–	(190)	(1,599)
At 31st December, 2018	22,007	1,228	–	14	6,890	30,139
Opening adjustment upon application of HKFRS 16	–	–	236	(14)	–	222
At 1st January, 2019 (as restated)	22,007	1,228	236	–	6,890	30,361
Financing cash flows	2,385	71	(35)	–	(213)	2,208
New lease entered/lease modified	–	–	10	–	–	10
Interest expenses	–	–	10	–	–	10
Exchange loss	(454)	(27)	(7)	–	(145)	(633)
At 31st December, 2019	**23,938**	**1,272**	**214**	**–**	**6,532**	**31,956**

34. 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") and remuneration committee members ("RCM"), additional annual fee of HK$80,000 each is paid for the former and HK$25,000 each is paid for the latter. 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 2019**	Total Emoluments 2018
Victor T K Li (1)	0.075	–	33.236	–	–	**33.311**	33.311
Kam Hing Lam	0.075	4.200	12.072	–	–	**16.347**	15.972
Ip Tak Chuen, Edmond	0.075	1.800	12.072	–	–	**13.947**	13.572
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	12.658	14.831	1.265	–	**28.829**	27.589
Chan Loi Shun (1 and 2)	0.075	6.867	3.166	0.685	–	**10.793**	10.468
Chen Tsien Hua	0.075	5.573	2.544	0.555	–	**8.747**	8.429
Cheong Ying Chew, Henry (3)	0.180	–	–	–	–	**0.180**	0.180
Kwok Eva Lee (3)	0.112	–	–	–	–	**0.112**	0.155
Sng Sow-Mei (3)	0.155	–	–	–	–	**0.155**	0.155
Colin Stevens Russel (3)	0.180	–	–	–	–	**0.180**	0.180
Lan Hong Tsung, David (3)	0.155	–	–	–	–	**0.155**	0.155
Barrie Cook	0.075	–	–	–	–	**0.075**	0.075
Paul Joseph Tighe (3)	0.138	–	–	–	–	**0.138**	0.075
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus	0.075	–	–	–	–	**0.075**	0.075
Total for the year 2019	**1.745**	**31.098**	**77.921**	**2.505**	**–**	**113.269**	
Total for the year 2018	1.725	29.965	76.535	2.391	–		110.616

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 (2018: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2018: HK$120,000) from Power Assets. The directors' fees totalling HK$330,000 (2018: HK$330,000) were then paid back to the Company.

(2) During the year, the directors' emoluments in the sum of HK$5,316,000 (2018: HK$5,072,520) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

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

Notes (Cont'd):

(3) INED, ACM and RCM – During the year, Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David, Mr. Colin Stevens Russel and Mrs. Sng Sow-Mei have acted as INED and ACM of the Company. Mrs. Kwok Eva Lee has acted as INED of the Company during the year and acted as ACM of the Company during the period from 1st January, 2019 to 16th June, 2019. Mr. Paul Joseph Tighe has acted as INED of the Company during the year and acted as ACM of the Company during the period from 20th March, 2019 to 31st December, 2019. Mr. Cheong Ying Chew, Henry and Mr. Colin Stevens Russel have acted as RCM of the Company during the year. The total emoluments paid to these INED, ACM and RCM during the year were HK$919,507 (2018: HK$900,000).

Of the five individuals with the highest emoluments in the Group, all (2018: all) are directors whose emoluments are disclosed above.

35. COMMITMENTS

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

	Contracted but not provided for	
HK$ million	**2019**	2018
Investment in a joint venture	**242**	334
Plant and machinery	**219**	64
Total	**461**	398

(b) At 31st December, 2018, the Group had outstanding commitments under non-cancellable operating leases in respect of land and buildings and other assets, which fall due as follows:

HK$ million	2018
Within 1 year	56
In the 2nd to 5th year, inclusive	121
Over 5 years	119
Total	296

36. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	2019	2018
Guarantee in respect of bank loan drawn by a joint venture	**1,161**	1,136
Other guarantees given in respect of a joint venture	**493**	529
Performance bond indemnities	**103**	89
Total	**1,757**	1,754

37. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$24 million (2018: HK$9 million) to its unlisted associates. The Group received repayment of HK$112 million (2018: HK$263 million) from an unlisted associate during the year. The total outstanding loan balances as at 31st December, 2019 amounted to HK$2,923 million (2018: HK$3,111 million), of which HK$2,744 million (2018: HK$2,946 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2018: from 10.85 per cent to 11.19 per cent) per annum and HK$179 million (2018: HK$165 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.04 per cent (2018: 11.03 per cent) per annum. As stated in note 7, interest income from loans granted to associates during the year amounted to HK$289 million (2018: HK$332 million). Except for a loan of HK$94 million (2018: HK$94 million) which was repayable within two years (2018: three years), the loans had no fixed terms of repayment.

During the year, the Group advanced HK$93 million (2018: HK$1 million) to its joint ventures. The Group received return of capital of HK$29 million (2018: HK$44 million) and repayments HK$25 million (2018: HK$1,422 million) from its joint ventures. The total outstanding loan balances as at 31st December, 2019 amounted to HK$41,719 million (2018: HK$41,472 million), of which HK$17,849 million (2018: HK$18,131 million) bore interest with reference to London Interbank Offered Rate, Australian Bank Bill Swap Reference Rate and return from joint ventures, and HK$23,071 million (2018: HK$22,934 million) at fixed rate ranging from 4.2 per cent to 14 per cent (2018: from 4.9 per cent to 14 per cent) per annum, and HK$799 million (2018: HK$407 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 6.84 per cent (2018: 7.28 per cent) per annum. As stated in note 7, interest income from loans granted to joint ventures during the year amounted to HK$2,784 million (2018: HK$3,045 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$292 million (2018: HK$357 million) and HK$2 million (2018: nil), respectively. The Group also received income and incurred operating costs from sales of waste management services from/to its joint ventures amounted to HK$91 million (2018: HK$100 million) and HK$55 million (2018: HK$51 million), respectively for the current year.

The emoluments of key management have been presented in note 34 above.

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

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

as at 31st December

HK$ million	2019	2018
Property, plant and equipment	3	1
Unlisted investments in subsidiaries	48,170	50,638
Total non-current assets	48,173	50,639
Amounts due from subsidiaries	56,753	55,598
Amount due from a joint venture	2	2
Prepayments, deposits and other receivables	33	45
Bank balances	9	18
Total current assets	56,797	55,663
Amounts due to subsidiaries	50,468	51,511
Other payables and accruals	296	302
Total current liabilities	50,764	51,813
Net current assets	6,033	3,850
Net assets	54,206	54,489
Representing:		
Share capital	2,651	2,651
Reserves	51,555	51,838
Total equity	54,206	54,489

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

(b) Movements in the Company's Equity

HK$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2018	2,651	25,267	26,842	54,760
Profit for the year	–	–	6,064	6,064
Final dividend paid for the year 2017	–	–	(4,533)	(4,533)
Interim dividend paid	–	–	(1,802)	(1,802)
At 31st December, 2018	2,651	25,267	26,571	54,489
Profit for the year	–	–	6,158	6,158
Final dividend paid for the year 2018	–	–	(4,639)	(4,639)
Interim dividend paid	–	–	(1,802)	(1,802)
At 31st December, 2019	**2,651**	**25,267**	**26,288**	**54,206**

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 87 to 151 were approved by the Board of Directors on 18th March, 2020.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2019 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

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

PRINCIPAL ASSOCIATES

APPENDIX 2

The table below shows the associates as at 31st December, 2019 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, 2019 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	£6,000,000 A ordinary £4,000,000 B ordinary £360,000,000 A preference £240,000,000 B preference	40	Electricity distribution
Northumbrian Water Group Limited (note 3)	United Kingdom	£19 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$137,000,000 ordinary	50	Electricity generation
1822604 Alberta Ltd. (note 3)	Canada	C$1	65	Off-airport parking operation

APPENDIX 3 (CONT'D)

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Husky Midstream Limited Partnership	Canada	C$1,153,845,000 class A units C$621,301,154 class B units C$1,776,923 general partnership interest	16	Oil pipelines, storage facilities and ancillary assets operation
CKP (Canada) Holdings Limited	Canada	C$1,143,862,830	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
Iberwind – Desenvolvimento e Projectos, S.A.	Portugal	€50,000	50	Generation and sale of wind energy

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 businesses in Australia.

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

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

SCHEDULE OF MAJOR PROPERTIES

APPENDIX 4

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

I: Industrial C: Commercial

CORPORATE GOVERNANCE REPORT

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

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year ended 31st December, 2019.

In accordance with code provision A.5.1 of the CG Code, the Company established its nomination committee ("Nomination Committee") on 1st January, 2019 which is chaired by the Chairman of the Board. When the need to select, nominate or re-elect Directors arises, the Nomination Committee will establish a sub-committee ("Sub-Committee") comprising a majority of Independent Non-executive Directors that is chaired by the Chairman of the Board in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected. While the Nomination Committee comprises all Directors of the Company, this is consistent with the established approach of the Company that the full Board as a whole is responsible for reviewing the selection and appointment of Directors.

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

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	• The Board meets regularly and held meetings in March, May, July and November of 2019. • Directors' attendance records in 2019 are as follows: **Members of the Board** — **Attendance** **Executive Directors** Victor T K Li *(Chairman)* 4/4 KAM Hing Lam *(Group Managing Director)* 4/4 IP Tak Chuen, Edmond *(Deputy Chairman)* 4/4 FOK Kin Ning, Canning *(Deputy Chairman)* 4/4 Frank John SIXT 4/4 Andrew John HUNTER *(Deputy Managing Director)* 4/4 CHAN Loi Shun *(Chief Financial Officer)* 4/4 CHEN Tsien Hua 4/4 **Independent Non-executive Directors** CHEONG Ying Chew, Henry 4/4 KWOK Eva Lee 4/4 SNG Sow-mei alias POON Sow Mei 4/4 Colin Stevens RUSSEL 4/4 LAN Hong Tsung, David 4/4 Barrie COOK 3/4 Paul Joseph TIGHE 4/4 **Non-executive Directors** LEE Pui Ling, Angelina 4/4 George Colin MAGNUS 4/4 • The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company's Bye-laws. An updated and consolidated version of the Company's Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). There were no significant changes in the Company's constitutional documents during the year 2019.
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	• All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.3	– At least 14 days notice for regular board meetings. – Reasonable notice for other board meetings.	C C	• Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. • At least 14 days formal notice would be given before each regular meeting. • According to the Company's Bye-laws, any Director may waive notice of any meeting.
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	• The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting. • Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. – Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting.	C C	• Minutes record in sufficient detail the matters considered by the Board/ Board Committees and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense. – The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.	C C	• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. – Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.	C C	• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. • Director must declare his/her interest in the matters to be passed in the resolution, if applicable. • If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors.	C	• The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1996 including the year 2019/2020.
A.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.2.1</td><td>– Separate roles of chairman and chief executive not to be performed by the same individual.
– Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</td><td>C
C</td><td>• The positions of Chairman and Group Managing Director are currently held by separate individuals.
• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</td></tr>
<tr><td>A.2.2</td><td>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</td><td>C</td><td>• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.
• In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2019. Attendance records of the meetings are as follows:
<table>
<tr><th></th><th>Attendance</th></tr>
<tr><td>Chairman</td><td></td></tr>
<tr><td>Victor T K Li</td><td>2/2</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>2/2</td></tr>
<tr><td>KWOK Eva Lee</td><td>2/2</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>2/2</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr>
<tr><td>Barrie COOK</td><td>1/2</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>2/2</td></tr>
</table></td></tr>
<tr><td>A.2.3</td><td>The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.</td><td>C</td><td>• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.
• Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</td></tr>
<tr><td>A.2.4</td><td>– The chairman to provide leadership for the board.
– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.
– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.</td><td>C
C
C</td><td>• The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board.
• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Board meets regularly and held meetings in March, May, July and November of 2019.
• With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner.
• The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.</td></tr>
<tr><td>A.2.5</td><td>The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.</td><td>C</td><td>• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.6	– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.	C C	• Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	C	• In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2019. Please refer to A.2.2 above for the attendance records.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	**Board composition** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of seventeen Directors, comprising eight Executive Directors, two Non-executive Directors and seven Independent Non-executive Directors. Three Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 210. • The Directors' biographical information and the relationships among the Directors are set out on pages 54 to 61. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	• The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. – Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C C	• In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment. • Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. • The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published on its website the procedures for shareholders to propose a person for election as a Director.
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	C C	• Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • The Board has expressed the view in its circular for 2020 annual general meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Board has expressed its view in the circular for the 2020 annual general meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply (“C”)/
Explain (“E”)</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.5</td><td colspan="3">Nomination Committee
Corporate Governance Principle
In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</td></tr>
<tr><td>A.5.1</td><td>The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.</td><td>C</td><td>• The Company established its Nomination Committee on 1st January, 2019 which is chaired by the Chairman of the Board.
• When the need to select, nominate or re-elect Directors arises, the Nomination Committee will establish a Sub-Committee comprising a majority of Independent Non-executive Directors that is chaired by the Chairman of the Board in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected.
• While the Nomination Committee comprises all Directors of the Company, this is consistent with the established approach of the Company that the full Board as a whole is responsible for reviewing the selection and appointment of Directors.
• A Sub-Committee with Mr. Victor T K Li as Chairman and Mr. Cheong Ying Chew, Henry and Mrs. Sng Sow-mei alias Poon Sow Mei, both Independent Non-executive Directors as members, was established in March 2019 for the purpose of selecting the retiring Directors for re-election at the 2019 annual general meeting.</td></tr>
<tr><td>A.5.2</td><td>– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.
– It should perform the following duties:–
1. review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company’s corporate strategy;
2. identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
3. assess the independence of independent non-executive directors; and
4. make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</td><td>C

C</td><td>• The terms of reference of the Nomination Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and have been adopted by the Board, are posted on the websites of the Company and HKEx.
• The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship.
• Nomination Committee meeting was held in March 2019. Attendance record of the members of the Nomination Committee is as follows:
<table>
<tr><th>Members of the Nomination Committee</th><th>Attendance</th></tr>
<tr><td>Victor T K Li
(Chairman of the Nomination Committee)</td><td>1/1</td></tr>
<tr><td>KAM Hing Lam</td><td>1/1</td></tr>
<tr><td>IP Tak Chuen, Edmond</td><td>1/1</td></tr>
<tr><td>FOK King Ning, Canning</td><td>1/1</td></tr>
<tr><td>Frank John SIXT</td><td>1/1</td></tr>
<tr><td>Andrew John HUNTER</td><td>1/1</td></tr>
<tr><td>CHAN Loi Shun</td><td>1/1</td></tr>
<tr><td>CHEN Tsien Hua</td><td>1/1</td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>1/1</td></tr>
<tr><td>KWOK Eva Lee</td><td>1/1</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>1/1</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>1/1</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>1/1</td></tr>
<tr><td>Barrie COOK</td><td>1/1</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>1/1</td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>1/1</td></tr>
<tr><td>George Colin MAGNUS</td><td>1/1</td></tr>
</table>
• The following is a summary of the work of the Nomination Committee and the Sub-Committee during 2019:
1. Review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and make recommendations on any proposed changes, where applicable;
2. Facilitate the Board in the conduct of the selection and nomination process, including identify suitable candidates for consideration by the Board;
3. Assess the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules; and
4. Make recommendation to the Board on the re-election of Directors at the 2019 annual general meeting.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (Cont'd)			• In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") which had been modified in January 2019 to follow closely the requirements of the Listing Rules, and the Company has made it available on the Company's website. • In the Board Diversity Policy:– 1. The Company recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. 2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, education background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. 3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. 4. The full Board of the Company is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board and the progress in achieving the diversity objectives of the Company. The Board as a whole is also responsible for the selection and appointment of Directors and the review of succession plan of Directors. To this end, the Board is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. In the discharge of such responsibilities, the Board will decide with reference to the report and at the recommendation of the Nomination Committee of the Company. • The Board reviews from time to time the Board Diversity Policy and monitors its implementation to ensure its continued effectiveness. • In January 2019, the Company has also established a Director Nomination Policy to formalise the Company's existing approach and procedures and ensure that, with the support of the newly established Nomination Committee and Sub-Committee, proper selection and nomination processes are in place for the appointment of additional and replacement of Directors and re-election of Directors. • In the Director Nomination Policy:– 1. The Nomination Committee will, on an ad hoc basis, establish a sub-committee with members from the Nomination Committee who possess the relevant expertise as it considers appropriate, when the need to select, nominate or re-elect Directors arises. In the determination of the suitability of a candidate, the Sub-Committee will consider the potential contributions a candidate can bring to the Board in terms of skills set, experience, expertise, independence, age, culture, ethnicity, gender and such other factors that it may consider appropriate for a position on the Board. The Sub-Committee will provide updated information and status of progress to the Nomination Committee/Board throughout the determination process as and when appropriate. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates. 2. If the Board determines that an additional or replacement Director is required, the relevant Sub-Committee will deploy multiple channels for identifying suitable candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the relevant Sub-Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Bye-Laws of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. • The Director Nomination Policy is posted on the website of the Company. The Board will from time to time review the Director Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.3	The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	• The terms of reference of the Nomination Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and have been adopted by the Board, are posted on the websites of the Company and HKEx. • The principal responsibilities of the Nomination Committee include reviewing the structure, size, diversity profile and skills matrix of the Board and independence of the Independent Non-executive Directors and making recommendation on the re-election of Directors for the Board's consideration.
A.5.4	The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.	C	• The Nomination Committee and relevant Sub-Committee are authorised by the Board to seek any information they require from senior management of the Company in order to perform their duties and to have access to independent professional advice where necessary.
A.5.5	Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:		• Please refer to A.4.3 above for the details. • The following information has been set out in the Company's circular to shareholders for the proposed resolution to elect an individual as an Independent Non-executive Director at the 2019 annual general meeting: 1. the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent; 2. if the proposed Independent Non-executive Director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board; 3. the perspectives, skills and experience that the individual can bring to the Board; and 4. how the individual contributes to diversity of the Board.
	1. the process used for identifying the individual and why it believes the individual should be elected and the reasons why it considers the individual to be independent;	C	
	2. if the proposed independent non-executive director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;	C	
	3. the perspectives, skills and experience that the individual can bring to the board; and	C	
	4. how the individual contributes to diversity of the board.	C	
A.6	**Responsibilities of Directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.1 (Cont'd)			• During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	The functions of non-executive directors include: – bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings; – take the lead on potential conflicts of interests; – serve on the audit, remuneration, nomination and other governance committees, if invited; and – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.	 C C C C	• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • All Non-executive Directors are invited to serve as members of the Nomination Committee with effect from 1st January, 2019. • The Independent Non-executive Directors are also invited to serve on the audit committee ("Audit Committee") and remuneration committee ("Remuneration Committee") of the Company.
A.6.3	Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.	C	• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.
A.6.4	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	• The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. • Confirmation has been received from all Directors that they complied with the required standards set out in the Model Code for the year ended 31st December, 2019. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. • Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance. The policy has been further revised in July 2015 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.6.5</td><td>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</td><td>C</td><td>

A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference.
In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
The Directors have provided to the Company their records of continuous professional development during the year 2019.
During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.
The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;
Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and
Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Records of the Directors' training during 2019 are as follows:

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

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	• The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.	C	• There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Independent Non-executive Directors and the annual general meeting during the year. Please refer to A.1.1, A.2.2, A.5.2, B.1.2, C.3.1 and E.1.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	• Please refer to A.6.7 above.
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
A.7.1	– Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting. – As far as practicable for other board or board committee meetings.	C C	• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.7.2	– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.	C C	• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided as appropriate.
A.7.3	– All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible.	C C	• Please see A.7.1 and A.7.2 above.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>B.</td><td colspan="3">REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</td></tr>
<tr><td>B.1</td><td colspan="3">The level and make-up of remuneration and disclosure
Corporate Governance Principle
The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</td></tr>
<tr><td>B.1.1</td><td>The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.</td><td>C</td><td>• The Remuneration Committee has consulted the Chairman and/or the Group Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.
• The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.
• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.
• The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.</td></tr>
<tr><td>B.1.2</td><td>The remuneration committee's terms of reference should include:
– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
– either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management;
– recommend to the board on the remuneration of non-executive directors;
– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
– review and approve compensation payable on loss or termination of office or appointment;
– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
– ensure that no director or any of his associates is involved in deciding his own remuneration.</td><td>C</td><td>• The Company established its Remuneration Committee on 1st January, 2005. A majority of the members are Independent Non-executive Directors.
• The Remuneration Committee comprises the Chairman, Mr. Victor T K Li, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel.
• The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
• The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors.
• Since the publication of the Annual Report 2018 in April 2019, meeting of the Remuneration Committee was held in January 2020. Attendance record of the members of the Remuneration Committee is as follows:
<table><tr><th>Members of the Remuneration Committee</th><th>Attendance</th></tr><tr><td>CHEONG Ying Chew, Henry
(Chairman of the Remuneration Committee)</td><td>1/1</td></tr><tr><td>Victor T K Li</td><td>1/1</td></tr><tr><td>Colin Stevens RUSSEL</td><td>0/1</td></tr></table>• The following is a summary of the work of the Remuneration Committee during the said meeting:
1. Review the remuneration policy for 2019/2020;
2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;
3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review;
4. Review and approve the remuneration of Non-executive Directors; and
5. Review the annual bonus policy.
• No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2020.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	• The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	• Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
C.1.3	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. – Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	C C C N/A	• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. • With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 81 to 86.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	• The Board has included the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2019.
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. • The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		
C.2.1	The board should oversee the group's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	C	• The Board is responsible for maintaining sound and effective risk management and internal control systems, which include the development of necessary policies and procedures. Such systems are reviewed twice a year to ensure they are operating effectively on an ongoing basis. The Group maintains an enterprise risk management framework to identify, assess, manage, monitor and control current and emerging risks. • Risk management and internal control systems are designed to help the achievement of business objectives in the following categories: 1. Alignment with and supportive of the Group's strategies; 2. Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; 3. Reliability of financial and operational reporting; and 4. Compliance with applicable laws, regulations, and internal controls and procedures.
C.2.2	The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions.	C	• The Board, through the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions at the Board meeting held in March 2020 and noted that the Company has been in compliance with the Code Provision for the year 2019. Please also refer to C.3.3 below.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3	The board's annual review should, in particular, consider:		
	1. the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment;	C	• The Board, through the Audit Committee, regularly reviews the significant risks and decisions that could have a material impact on the Group. These reviews consider the level of risk that the Group is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. They also regularly review the effectiveness of any remedial actions taken during the reporting period in order to respond to changes in its business and the external environment.
	2. the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;	C	• The Audit Committee, on behalf of the Board, regularly reviews the scope and quality of the risk management framework and effectiveness of the internal control systems. The Audit Committee evaluates the internal audit function on an ongoing basis by reviewing internal audit resources, plans, budgets and its work. The Audit Committee also carries out a review of the reports from the external auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), regarding the internal controls and relevant financial reporting matters in the Company.
	3. the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;	C	• The Group's risk management and internal control systems are reviewed twice a year by the management. Each business unit has to perform risk assessment where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal confirmation to acknowledge review of their control systems and highlight any weaknesses. Such confirmations are reviewed by the Audit Committee, through Internal Audit, and submitted to the Board for its assessment.
	4 significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and	C	• No significant control failings or weaknesses had been identified during the reporting period. The Board is not aware of any material unforeseen outcomes or contingencies that may in the future have a material impact on the Company's financial performance or condition.
	5. the effectiveness of the company's processes for financial reporting and Listing Rule compliance.	C	• The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls, and concluded that they are adequate and effective.
C.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, the company should disclose:	C	• The Company has complied with the code provisions on risk management and internal controls during the reporting period.
	1. the process used to identify, evaluate and manage significant risks;	C	• The Group has in place an Enterprise Risk Management framework which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework supports the Group to identify, evaluate and manage significant risks.
	2. the main features of the risk management and internal control systems;	C	• The Group adopts a "top-down and bottom-up" approach to manage risk exposures which works as follows: Managing Risk from Top-down: *The Board and Audit Committee* 1. Assess and determine the nature and extent of the risks that the Group is willing to accept in pursuit of its strategic and business objectives; and 2. Ensure appropriate and effective risk management and internal control systems are in place.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4 (cont'd)			*Senior Management* 1. Oversee the Group's risk profile and evaluate if major risks are appropriately mitigated; and 2. Review and confirm the effectiveness of the risk management processes. Managing Risk from Bottom-up: *Risk and Control Monitoring Functions* 1. Establish relevant policies and procedures for the Group; and 2. Monitor business units in the implementation of effective risk management and internal control systems. *Operational Level* 1. Identify, assess, mitigate and report the risks; and 2. Provision of reports and data relating to emerging risks to the Board, through the Audit Committee. • Through this "top-down and bottom-up" risk review process, the risks identified in each business unit will be presented in the Group Risk Register, where they are considered significant on a group level. This Register, of which the content is confirmed by the Group Managing Director and the Chief Financial Officer, forms part of the Risk Management Report for review and approval by the Audit Committee every half-yearly. The Audit Committee, on behalf of the Board, reviews the Report to ensure that all the significant risks are identified and appropriately managed. • Pages 195 to 200 of the Annual Report also provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations to differ materially from expected or historical results.
	3. an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;	C	• Both risk management and internal control systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits.
	4. the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and	C	• Please refer to C.2.3 above.
	5. the procedures and internal controls for the handling and dissemination of inside information.	C	• Regarding the procedures and internal controls for handling inside information, the Group: 1. is well aware of its statutory and regulatory obligations to announce any inside information; 2. has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and 3. requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.
C.2.5	The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	C	• Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the risk management and internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit is responsible for monitoring the corrective actions.

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

Corporate Governance Principle
The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company’s auditors.</td></tr>
<tr><td>C.3.1</td><td>– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.

– Draft and final versions of minutes should be sent to all committee members for their comment and records within a reasonable time after the meeting.</td><td>C

C</td><td>• Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.

• Audit Committee meetings were held in March and July of 2019. Attendance records of members of the Audit Committee are as follows:

<table>
<tr><th>Members of the Audit Committee</th><th>Attendance</th></tr>
<tr><td>Colin Stevens RUSSEL
(Chairman of the Audit Committee)</td><td>2/2</td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>2/2</td></tr>
<tr><td>KWOK Eva Lee*</td><td>1/2</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr>
<tr><td>Paul Joseph TIGHE**</td><td>1/2</td></tr>
</table>

* Retired as a member of the Audit Committee with effect from 17th June, 2019.
** Appointed as a member of the Audit Committee with effect from 20th March, 2019.

• The following is a summary of the work of the Audit Committee during 2019:
1. Review the financial reports for 2018 annual results and 2019 interim results;
2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments;
3. Review the effectiveness of the risk management and internal control systems;
4. Review the external auditor’s audit findings;
5. Review the external auditor’s remuneration;
6. Review the risks of different business units and analysis thereof provided by the relevant business units;
7. Review the control mechanisms for such risks advising on action plans for improvement of the situations;
8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
9. Perform the corporate governance functions and review the corporate governance policies and practices.

• After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 16th March, 2020 that the internal control system was adequate and effective.

• On 16th March, 2020, the Audit Committee met to review the Group’s 2019 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2019 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board’s approval the consolidated financial statements for the year ended 31st December, 2019.

• The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company’s external auditor for 2020 and that the related resolution shall be put forth for shareholders’ consideration and approval at the 2020 annual general meeting.

• The Group’s Annual Report 2019 has been reviewed by the Audit Committee.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for 2 years from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm. • The terms of reference of the Audit Committee were revised with effect from 1st January, 2019 to comply with the new requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of the Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.
C.3.3	The audit committee's terms of reference should include: – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement; – review and monitor external auditor's independence and objectivity and effectiveness of audit process; – develop and implement policy on engaging an external auditor to supply non-audit services; – review of the company's financial information; and – oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	• The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	• The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 11th December, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. • In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee are revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. • The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. • The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe. The Audit Committee held two meetings in 2019. Mr. Paul Joseph Tighe was appointed as a member of the Audit Committee with effect from 20th March, 2019 and Mrs. Kwok Eva Lee retired as a member of the Audit Committee with effective from 17th June, 2019.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	• The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2020. • For the year ended 31st December, 2019, the external auditor of the Company received approximately HK$9.2 million for annual audit services and approximately HK$3.8 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	The terms of reference of the audit committee should also require it: – to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and – to act as the key representative body for overseeing the company's relations with the external auditor.	 C C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. • The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included into the Company's Employee Handbook and posted on the Company's website. • The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	• Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 180. • For matters or transactions of a material nature, the same will be referred to the Board for approval. • For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	• The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	• Please refer to the Management Structure Chart set out on page 180.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	• In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	• Four Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee, have been established with specific terms of reference.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	• Board Committees report to the Board of their decisions and recommendations at the Board meetings.
D.3	**Corporate Governance Functions**		
D.3.1	The terms of reference of the board (or a committee or committees performing this function) should include:– – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.	C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March 2020, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:– 1. Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing; 2. Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters; 3. Shareholders Communication Policy; 4. Media and Public Engagement Policy; 5. Model Code for Securities Transactions by Directors; 6. Board Diversity Policy (updated in January 2019); 7. Director Nomination Policy (with effect from January 2019); and 8. Dividend Policy (with effect from January 2019).
D.3.2	The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.	C	• The board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>E.</td><td colspan="3">COMMUNICATION WITH SHAREHOLDERS</td></tr>
<tr><td>E.1</td><td colspan="3">Effective communication
Corporate Governance Principle
The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</td></tr>
<tr><td>E.1.1</td><td>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</td><td>C</td><td>• Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors.</td></tr>
<tr><td>E.1.2</td><td>– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting.
– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.
– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.</td><td>C
C
C</td><td>• In 2019, the Chairman, and the Chairman of each the Audit Committee, the Remuneration Committee and the Nomination Committee attended the 2019 annual general meeting and were available to answer questions.
• Directors' attendance record of the 2019 annual general meeting is as follows:

<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K Li
(Chairmen of the Board and the Nomination Committee)</td><td>1/1</td></tr>
<tr><td>KAM Hing Lam</td><td>1/1</td></tr>
<tr><td>IP Tak Chuen, Edmond</td><td>1/1</td></tr>
<tr><td>FOK Kin Ning, Canning</td><td>1/1</td></tr>
<tr><td>Frank John SIXT</td><td>1/1</td></tr>
<tr><td>Andrew John HUNTER</td><td>1/1</td></tr>
<tr><td>CHAN Loi Shun</td><td>1/1</td></tr>
<tr><td>CHEN Tsien Hua</td><td>1/1</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry
(Chairman of the Remuneration Committee)</td><td>1/1</td></tr>
<tr><td>KWOK Eva Lee</td><td>1/1</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>1/1</td></tr>
<tr><td>Colin Stevens RUSSEL
(Chairman of the Audit Committee)</td><td>1/1</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>1/1</td></tr>
<tr><td>Barrie COOK</td><td>1/1</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>1/1</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina*</td><td>1/1</td></tr>
<tr><td>George Colin MAGNUS</td><td>1/1</td></tr>
</table>
* Attended the 2019 annual general meeting via telephone conference.

• In 2019, the Company's external auditor attended the annual general meeting and was available to answer questions.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	• The Company's notice to shareholders for the 2019 annual general meeting of the Company was sent at least 20 clear business days before the meeting.
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	• In March 2012, the Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders. 2. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company. 3. (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 4. Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 5. In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way. 6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws. 7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>E.1.5</td><td>The company should have a policy on payment of dividends and should disclose it in the annual report.</td><td>C</td><td>The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.</td></tr>
<tr><td>E.2</td><td colspan="3">Voting by Poll
Corporate Governance Principle
The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</td></tr>
<tr><td>E.2.1</td><td>The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.</td><td>C</td><td>At the 2019 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders.
At the 2019 annual general meeting, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notices to be voted by way of a poll.
Representatives of the Branch Share Registrar of the Company were appointed as scrutineer to monitor and count the poll votes cast at the 2019 annual general meeting.
Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll.
The percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 15th May, 2019 are set out below:
<table>
<tr><th colspan="2">Resolutions proposed at the 2019 Annual General Meeting</th><th>Percentage of Votes</th></tr>
<tr><td>1</td><td>To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2018.</td><td>99.999496%</td></tr>
<tr><td>2</td><td>To declare a final dividend.</td><td>99.999496%</td></tr>
<tr><td>3(1)</td><td>To elect Mr. Kam Hing Lam as Director.</td><td>98.405579%</td></tr>
<tr><td>3(2)</td><td>To elect Mr. Ip Tak Chuen, Edmond as Director.</td><td>93.726571%</td></tr>
<tr><td>3(3)</td><td>To elect Mr. Frank John Sixt as Director.</td><td>92.818001%</td></tr>
<tr><td>3(4)</td><td>To elect Mrs. Kwok Eva Lee as Director.</td><td>90.553255%</td></tr>
<tr><td>3(5)</td><td>To elect Mr. Lan Hong Tsung, David as Director.</td><td>90.550749%</td></tr>
<tr><td>3(6)</td><td>To elect Mr. George Colin Magnus as Director.</td><td>97.279778%</td></tr>
<tr><td>4</td><td>To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.</td><td>89.676471%</td></tr>
<tr><td>5(1)</td><td>To give a general mandate to the Directors to issue additional shares of the Company.</td><td>89.758878%</td></tr>
<tr><td>5(2)</td><td>To give a general mandate to the Directors to buy back shares of the Company.</td><td>99.975876%</td></tr>
<tr><td>5(3)</td><td>To extend the general mandate granted to the Directors pursuant to Ordinary Resolution No. 5(1) to issue additional shares of the Company.</td><td>89.969859%</td></tr>
</table>
Accordingly, all resolutions put to shareholders at the 2019 annual general meeting were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEx.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.	**COMPANY SECETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	• The Company Secretary of the Company has been appointed since listing of the Company*. The Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules for the year ended 31st December, 2019. • The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed. • The Company Secretary prepares written resolutions and minutes as appropriate and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary advises the Board from time to time on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board abreast of relevant legislative, regulatory and corporate governance developments. * Except for a brief period of approximately four months during which the position had taken up by her then deputy.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	• The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	• Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memoranda are issued and other resources (such as the Stock Exchange's webcast on corporate governance) are relayed, and directors' trainings are arranged to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

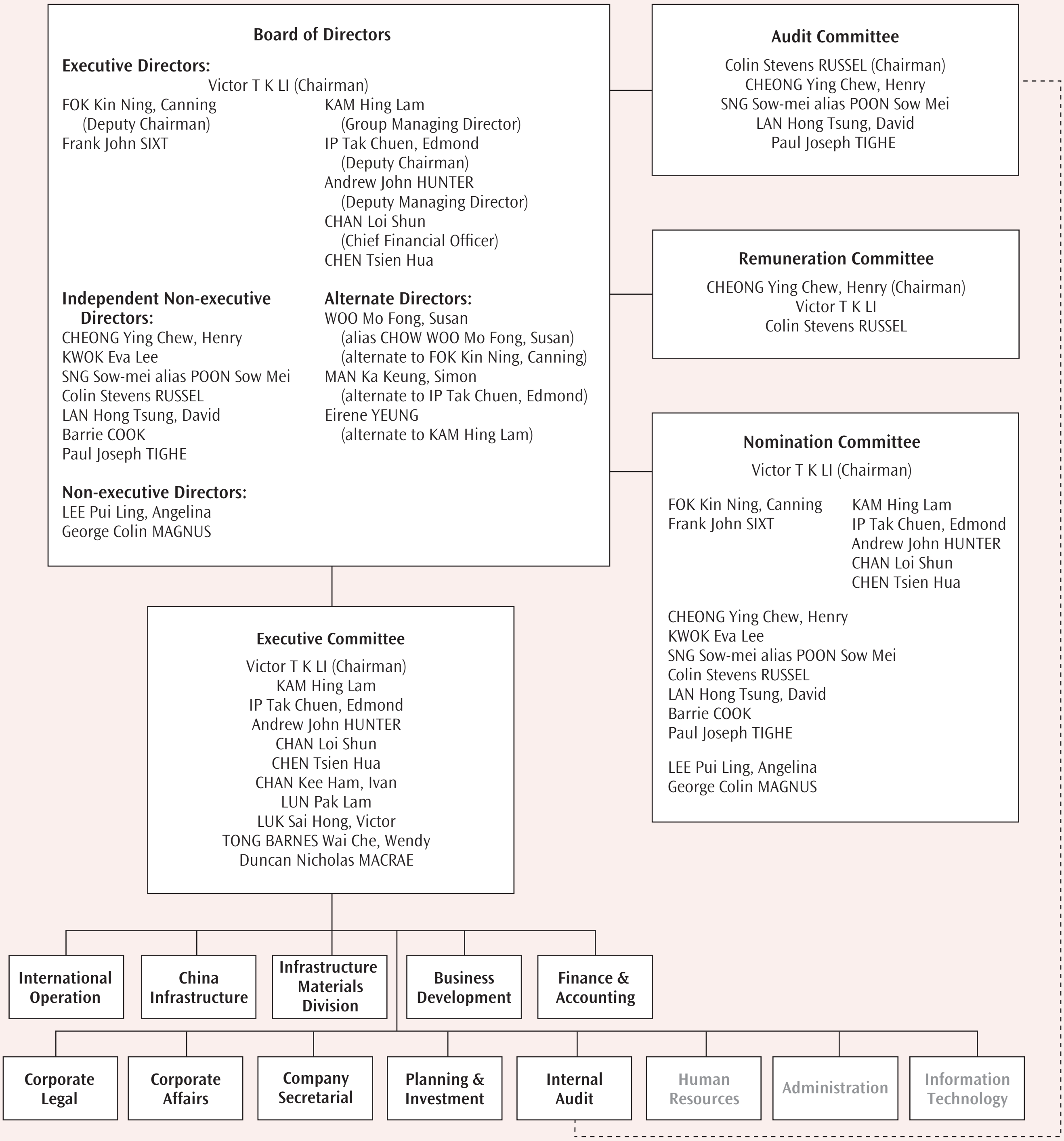
II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		
There is no recommended best practice under Section A.2 in the CG Code.			
A.3	**Board composition** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.3	The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.	C	• The Board considered that cross-directorships should not be regarded as having significant links with other directors and cross-directorships would not compromise the independence of the Company's Independent Non-executive Directors since they are professionals with high esteem and integrity, experts in their specific field with wide spectrum of skills and experience, and financially independent.
A.4	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
There is no recommended best practice under Section A.4 in the CG Code.			
A.5	**Nomination Committee** ***Corporate Governance Principle*** *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
There is no recommended best practice under Section A.5 in the CG Code.			
A.6	**Responsibilities of directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section A.6 in the CG Code.			
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
There is no recommended best practice under Section A.7 in the CG Code.			

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	• The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2019, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 34 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
B.1.9	The board should conduct a regular evaluation of its performance.	E	• The performance of the Board is best reflected by the Company's results and stock price performance during the year.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.6 – C.1.7	– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. – Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.	E	• The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. • Please refer to C.1.6 above for details.
C.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.6	The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.	C	• The Board confirmed that, through the Audit Committee, it has received a confirmation from the management of the Company and its business units on the effectiveness of the risk management and internal control systems. Please also refer to C.2.3 above.
C.2.7	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	• No significant areas of concern regarding the Group's risk management and internal controls were raised by the Board.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	• Please refer to C.3.7 above for the details.
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	**Corporate Governance Functions**		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.1	**Effective communication** ***Corporate Governance Principle*** *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	**Voting by Poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
There is no recommended best practice under Section F in the CG Code.			

MANAGEMENT STRUCTURE CHART



CK Infrastructure Holdings Limited ("Company") and its subsidiaries ("Group") as well as its business units present the Environmental, Social and Governance ("ESG") Report ("Report").

The scope of this Report covers the Group's core businesses, including energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure, as well as infrastructure related businesses. This Report aims to provide an overview of the Group's ESG performance and its representative initiatives for the year ended 31st December, 2019 ("Reporting Period"), based on the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Reporting Guide").

This Report has been organised into four sections focusing on environment, employment and labour practices, operating practices and the community. Key initiatives undertaken by the respective business units are featured in their relevant sections which the Group believes best demonstrate its commitments in generating sustainable values to its stakeholders.

Approach to ESG and Reporting

The Group's ESG philosophy is to create long-term value for its stakeholders that aligns with the growth and sustainability of its business and the environment it is in. The Group aspires to be a responsible corporate citizen and believes that transparency and accountability are important foundations for building the trust with its stakeholders.

As a leading player in the global infrastructure arena, the Group is cognizant of the significance of effective ESG practices and the importance of integrating ESG systems in key business decision-making. The Group tackles ESG issues both at the Group and business levels. While the Board oversees the direction for the Group's ESG practices, the Group's business units set up individual ESG programmes and regularly measure their performances to identify opportunities for improvement and create sustainable values for the Group's stakeholders. The management will then confirm that appropriate and effective ESG risk management and internal control systems are in place.

Stakeholder Engagement and Materiality Assessment

The Group engages its stakeholders from time to time through on-going communications and collect their views on the ESG aspects that they regard as relevant and important. Its key stakeholders include employees, shareholders, customers, suppliers, the local community, professional institutions, non-governmental organisations and authorities. The Group maintains an open and transparent dialogue with its stakeholders through various channels including meetings, surveys, seminars and workshops. This Report details how the material ESG aspects identified, based on the inputs of its key stakeholders, are addressed.

For the purpose of meeting the requirements of the Reporting Guide, a working group comprised of members of International Operation, China Infrastructure, Corporate Finance, Business Development, Finance & Accounting, Corporate Legal, Corporate Affairs, Company Secretarial, Planning & Investment, Internal Audit, Information Technology, Administration and Human Resources of the Company, along with designated personnel of Power Assets (including HK Electric), Green Island Cement & Alliance Construction Materials, UK Power Networks, Northumbrian Water, Northern Gas Networks, Wales & West Gas Networks, Seabank Power, UK Rails, SA Power Networks, Victoria Power Networks, Australian Gas Networks, Dampier Bunbury Pipeline, Multinet Gas, Energy Developments, United Energy, Australian Energy Operations, Wellington Electricity, EnviroNZ, Dutch Enviro Energy, Portugal Renewable Energy, ista, Canadian Power, Park'N Fly, Canadian Midstream Assets and Reliance Home Comfort, identifies and assesses material ESG aspects of the Group's operations.

An independent advisor has been retained to provide reporting advisory services to the Company and to assist with the Company's compilation of the Report in accordance with the Reporting Guide. With the assistance of the advisor, information was collected from the relevant parties of the above mentioned business units and departments of the Group. The information so collected was reported in the Report which has been reviewed by the advisor in the process. The management has confirmed that appropriate and effective ESG risk management and internal control systems are in place.

ENVIRONMENT

The Group recognises its responsibility to the environment and the importance of reducing emissions and improving the efficiency in resource use.

Emissions

The Group and its business units strive to minimise impacts to the environment through reducing air and greenhouse gas (GHG) emissions, waste and wastewater discharges.

Air and Greenhouse Gas (GHG) Emissions

Business units of the Group have taken various actions to reduce their air and GHG emissions.

In order to reduce carbon and other air emissions generated by electricity generation, HK Electric has been working to optimise fuel mix by increasing the use of natural gas. This is to reduce the carbon footprint of the power generation sector and meet the ever tightening emission allowances set out by the Hong Kong Special Administrative Region Government ("Government"). HK Electric has continued to meet the stipulated emissions allowances in all categories, and has also worked with the Government to formulate new and more stringent emissions allowances from 2024 and onwards. In 2019, three new gas-fired generating units (L10, L11 & L12) equipped with Selective Catalytic Reduction systems to reduce nitrogen oxides emission levels were under construction and they are scheduled for commissioning from 2020 to 2023. It is expected that in 2023 when all the three new units are in operation, the proportion of gas-fired generation will rise to about 70% and emissions of sulphur dioxide (SO_2), nitrogen oxides (NO_x) and particulate matters will decrease by around 75-90% as compared with the 2005 levels.

Energy Developments, based in Australia, entered into a new joint venture project in the United States on a new renewable natural gas facility that will convert landfill gas into renewable natural gas. It is estimated that approximately 8 million gallons of renewable natural gas will be generated each year. This facility will reduce GHG emissions through utilising local renewable resources. It is expected to be operational in 2020.

The Group also works to cut its carbon footprint by making its fleet greener and supporting sustainable transport. UK Power Networks in the UK recognised and acted on the opportunity to provide more support to bus operators as they tendered for electrified routes. For example, a London-wide assessment of the infrastructure was conducted, resulting in 67% reduction in the original capacity requirement to electrify 9,300 buses, which is equivalent to 11% of London's peak demand. Through this engagement, UK Power Networks introduced a new connection product that delivered over £1.6 million in savings in network investment at two London bus garages and enabled 18.5 million carbon emission-free passenger journeys in one year.

In the UK and in Canada, Northern Gas Networks and Reliance Home Comfort implemented vehicle replacement programmes and the use of telematics in support of sustainable transport. As part of a pilot programme, Reliance Home Comfort retrofitted six service vehicles with XL Hybrid Systems which use electricity to increase fuel efficiency and reduce carbon dioxide (CO_2) emissions. Northern Gas Networks is currently undertaking field trials of alternatively fuelled vehicles, included hydrogen, electric and compressed natural gas. From 2016 to 2019, carbon emissions from Northern Gas Networks' vehicles have reduced by 2.5%.

A major source of the Group's GHG emissions is the fugitive emissions produced during gas distribution processes. In the UK, Wales & West Gas Networks implemented an annual programme in 2002 as part of a 30-year programme which continues through the current eight year price control to replace old and leaking metallic gas pipes and conduct active pressure management. This helps prevent gas leakages and to minimise GHG emissions.

Similarly, in Canada, a maintenance programme was implemented in Canadian Power's Meridian plant. The programme diagnoses leakages from natural gas systems and repairs them on a timely basis to minimise the amount of fugitive GHG released into the atmosphere.

Dutch Enviro Energy's carbon dioxide capture facility, the first waste facility of its kind in Europe that is capable of capturing carbon dioxide on a significant scale, commenced operations last year. The carbon dioxide released after the incineration of residual waste is captured, cleaned and liquefied for use in greenhouse horticulture. The waste-to-energy plants process waste from 1.5 million homes. The plant in Duiven releases about 400,000 tonnes of carbon dioxide. The carbon dioxide capture facility has a maximum capacity of 100,000 tonnes per annum.

For air and GHG emissions performance, please refer to table below.

Table 1: Air and GHG emissions performance of the Group's core business units

Environmental KPIs (Note 1)	Unit	2019	2018
NO_x emissions (Note 2)	tonne	**8,027**	9,958
SO_x emissions (Note 2)	tonne	**636**	674
Particulate matter emissions (Note 2)	tonne	**233**	316
Total GHG emissions	tonne CO_2e	**10,313,728**	10,864,931
Total GHG emissions intensity (Note 3)	tonne CO_2e/HK$ million	**227**	226
GHG emissions (Scope 1) (Note 4)	tonne CO_2e	**8,486,783**	8,944,665
GHG emissions (Scope 1) intensity	tonne CO_2e/HK$ million	**187**	186
GHG emissions (Scope 2) (Note 5)	tonne CO_2e	**1,826,945**	1,920,266
GHG emissions (Scope 2) intensity	tonne CO_2e/HK$ million	**40**	40

Notes:

(1) Environmental data are calculated based on the Group's equity interest in the respective Group's core business units for the year ended 31st December, 2018 and 2019 respectively.

(2) Emission data from gaseous fuel consumption and/or from vehicles.

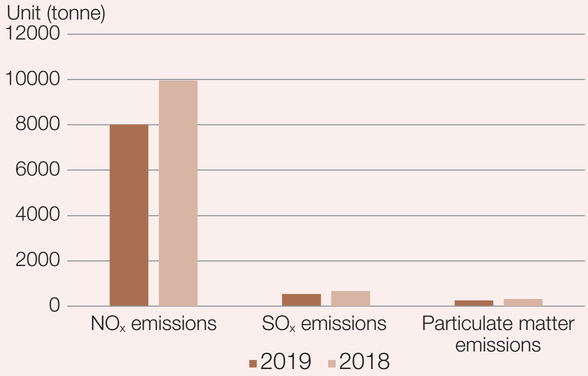
(3) "Total GHG emissions intensity" equals to "Total GHG emissions" over total revenue in million contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of Group's core business units.

(4) Scope 1 – Direct emissions from operations that are owned or controlled by the Group's core business units.

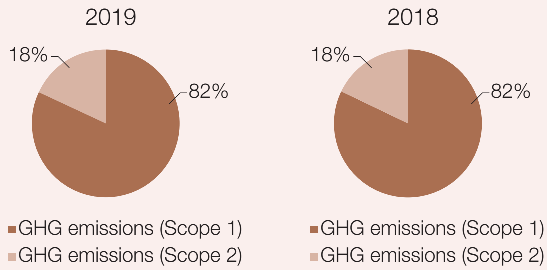
(5) Scope 2 – "Energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group's core business units.

ENVIRONMENT (CONT'D)

NO_x emissions, SO_x emissions and Particulate matter emissions performance of the Group's core business units in 2018 and 2019



GHG Emissions distribution of the Group's core business units in 2018 and 2019



Waste

Waste management which includes avoiding, reusing, recycling and reducing waste before final disposal is adopted by businesses within the Group.

Recycling waste into useful materials is a major objective of the Group. HK Electric has been collecting its generation by-products such as ash and gypsum produced for beneficial industrial use, such as manufacturing of cement. In 2019, about 230,000 tonnes of ash and 70,000 tonnes of gypsum were collected for reuse by third parties.

Northumbrian Water in the UK continues to use sewage sludge for energy (biogas) generation. Biogas produced is either used for electricity generation or converted into biomethane for injection to the UK gas grid. This not only reduces the residual waste produced, but also makes waste suitable as a land fertiliser. Northumbrian Water is the first UK company to fully utilise sewage sludge to generate energy.

As part of its gas mains replacement programme, Northern Gas Networks in the UK installs plastic gas pipes of varying dimensions with their associated fittings. A certain proportion of this plastic pipe is wasted as part of the installation process. To avoid wasted pipes being disposed to landfill, Northern Gas Networks takes part in a plastic pipe waste recycling scheme and have installed dedicated recycling bins in workplaces to encourage recycling of the pipes. In 2019, Northern Gas Networks successfully recycled 191 tonnes of waste plastic pipe.

A plastic waste pre-sorting and separation facility began operations at Dutch Enviro Energy's Rozenburg facility to increase the reuse of recyclable plastics, and sorted 19 kilotonnes of plastics for reuse.

Businesses within the Group also take priority in asbestos management as part of the waste management process in order to prevent hazards to the workforce. Asbestos Review Programs were conducted for both Victoria Power Networks and United Energy in Australia to improve internal processes in the handling of asbestos.

EnviroNZ in New Zealand commenced a domestic food waste and domestic refuse collection contract from 2019 to 2024 which included using 6 fully electric collection vehicles for the New Plymouth District Council. EnviroNZ plays a key role in the district to enable the recycling of domestic waste hence reducing waste sent to landfill.

Canadian Midstream Assets in Canada has implemented a leading-edge spill response programme; including detailed geographic response plans, training a specialised spill response team, and acquisition of new spill containment and recovery equipment. A right of way environmental monitoring programme was developed to ensure reclamation of linear developments is maintained without impact to land use and natural habitats. Rigorous soil, air, and groundwater monitoring programmes are conducted at Midstream facilities to protect vital air and watersheds for generations to come.

Wastewater

Businesses within the Group handle wastewater with care. Green Island Cement in Hong Kong has equipped a self-sewage treatment plant to treat and re-use waste water for internal plant irrigation. By effectively managing waste water treatment, no waste water was discharged to the sea in 2019.

Escapes from the sewer system causing flooding often pose environmental and health risks. Northumbrian Water in the UK has taken active steps to reduce sewer flooding through a series of targeted investment. Furthermore, Northumbrian Water has taken active steps over the past years to reduce pollution incidents through targeted actions. There were no significant changes to the number of pollution incidents between 2018 and 2019.

EnviroNZ in New Zealand operates a reverse osmosis leachate treatment plant at its Hampton PARRC Landfill. This process recovers high quality water from landfill leachate by treating the leachate using reverse osmosis technology, a type of purification technology which removes contaminants to make the treated water fit for reuse or direct discharge to the environment. In 2019, around 23,000 cubic metres of high quality clean water was recovered.

For waste treatment performance, please refer to table below.

Table 2: Waste produced by the Group's core business units

Environmental KPIs (Note 6)	Unit	2019	2018
Total hazardous waste produced (Note 7)	tonne	**106,622**	106,716
Total non-hazardous waste produced	tonne	**508,859**	537,527

Notes:

(6) Please refer to Note 1 above.

(7) Hazardous wastes are those defined by relevant national regulations applicable to the relevant Group's core business units.

Use of Resources

The Group and its businesses endeavour to optimise the use of resources, including energy, water and other materials, and have initiated their own resource efficiency programmes that align with their respective business natures.

ENVIRONMENT (CONT'D)

Energy

Green Island Cement, ista and Wales & West Gas Networks have ISO 14001-certified environmental management systems in place to ensure environmental processes, including energy management, are maintained and aligned with industry standards. Alliance Construction Materials and ista also have ISO 50001-certified energy management systems in place to guide target setting to encourage energy saving.

In the UK, Wales & West Gas Networks has continued to incorporate energy saving measures to reduce energy consumption and has had an external review of energy saving opportunities completed. For example, up to 95% of depots, offices, and stores are installed with LED lighting and active sensors. As a result, electricity consumption, associated with lighting, is expected to significantly reduce. Moreover, in support of Wales & West Gas Networks' zero emission fleet ambition, a change in the company car policy was initiated in 2019 to encourage employees to opt for electric and ultra-low emissions vehicles.

To be able to source cleaner alternative energy, SA Power Networks in Australia has continued a programme initiated in 2017 of installing solar photovoltaics on depots and buildings. Portugal Renewable Energy and the wind farms in Mainland China continue to contribute to the Group's commitment to a higher ratio of renewable energy in its asset mix. Energy Developments, based in Australia, continue to produce electricity from landfill gas; 1,774,109 MWh of electricity was produced from its worldwide landfill gas to electricity business in 2019. Moreover, Energy Developments is working to install a biodome to store landfill gas that will be converted into electricity when energy demand is high.

In addition, the Group supports renewable energy transmission. Australian Energy Operations constructs, owns and operates reliable transmission links that transports clean, renewable power from windfarms to power grids. UK Power Networks enables the connection of renewable and distributed energy, as well as enhancing flexibility and the electrification of transport, including electric vehicles, within its operating areas in the UK.

Table 3: Energy consumption of the Group's core business units

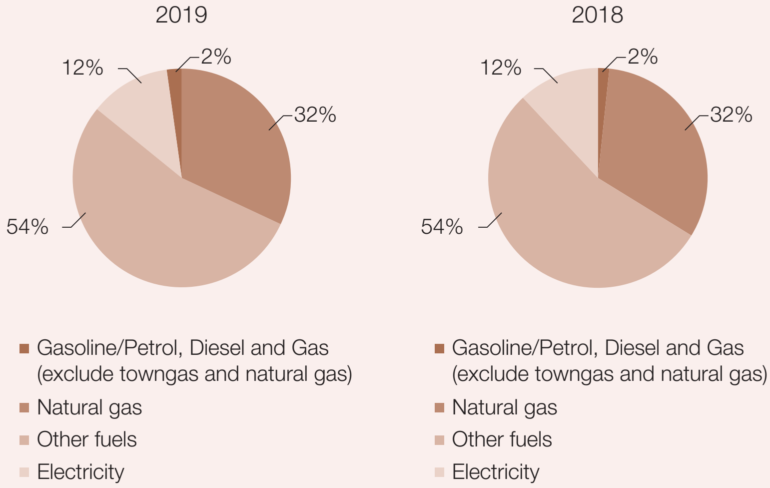
Environmental KPIs (Note 8)	Unit	2019	2018
Total energy consumption	'000 kWh	**32,221,735**	32,757,035
Total energy consumption intensity (Note 9)	kWh/HK$	**0.71**	0.68
Total direct energy consumption	'000 kWh	**28,457,166**	28,833,413
Total direct energy consumption intensity	kWh/HK$	**0.63**	0.60
Gasoline/Petrol	'000 kWh	**32,505**	32,115
Diesel	'000 kWh	**542,264**	511,323
Gas (exclude towngas and natural gas)	'000 kWh	**4,809**	4,780
Natural gas	'000 kWh	**10,525,403**	10,514,593
Other fuels	'000 kWh	**17,352,185**	17,770,602
Total indirect energy consumption (Electricity)	'000 kWh	**3,764,569**	3,923,622
Total indirect energy consumption intensity	kWh/HK$	**0.08**	0.08

Notes:

(8) Please refer to Note 1 above.

(9) "Total energy consumption intensity" equals to "Total energy consumption" over total revenue contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of the Group's core business units.

Energy consumption distribution of the Group's core business units in 2018 and 2019



Water

Business units have also worked to conserve water and promote water efficiency through various initiatives in their operations. HK Electric has been collecting rain water and plant processing water for reuse at the Lamma Power Station. In 2019, approximately 121,000 m^3 of rain water and plant processing water were collected for reuse. Green Island Cement and its subgroups have also recycled wastewater from production and storm water for process cooling, thus minimising the amount of freshwater extracted.

Seabank Power in the UK was able to maintain an increase to the concentration factor of cooling water, effectively optimising water used for make-up and purging, and reducing the need for chemical treatment.

For water consumption performance, please refer to table below.

Table 4: Water consumption of the Group's core business units

Environmental KPIs (Note 10)	Unit	2019	2018
Water consumption (Note 11)	'000 m^3	**35,665**	38,835
Water consumption intensity (Note 12)	m^3/HK$ million	**785**	807

Notes:

(10) Please refer to Note 1 above.

(11) Annual water consumption by taking measurements at the source of water abstraction (direct), or bills or meter readings (indirect).

(12) "Water consumption intensity" equals to "Water consumption" over total revenue in million contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of the Group's core business units.

ENVIRONMENT (CONT'D)

Material

In Hong Kong, Anderson Asphalt continues to reduce asphalt material wastage by selling milled asphalt to subcontractors for material reuse & recycling and by conforming to ISO 14001: 2015 requirements.

Over one million tonnes of industrial waste materials, such as by-products from coal-fired power generation, slag from copper smelter, crush rock fines from metallurgy grade limestone production and waste glass, have been recycled as raw materials for the Group's cement manufacturing business at its plants in Hong Kong and Mainland China. The cement production business of the Group in Hong Kong has increased the use of recycled materials to more than 60% in 2019.

In the UK, use of virgin materials is minimised by promoting the use of recycled materials. Northumbrian Water re-uses materials excavated from the ground during hole-digging operations as back fill. As a result, the use of new virgin backfill material is substantially reduced compared with past years.

Northern Gas Networks in the UK has promoted the use of recycled aggregates rather than virgin aggregates. A programme has been established to inform and advise employees and contractors on the usage of recycled aggregate. Furthermore, the virgin aggregate usage is a KPI and is recorded internally monthly and externally on an annual basis. Between 2014 and 2019, annual virgin aggregate usage has reduced by 78%. In 2019, 6.1% virgin aggregate is used in reinstatement works. Northern Gas Networks targets to reduce annual virgin aggregate to less than 2.5% by 2026.

Table 5: Packaging material used by the Group's core business units

Environmental KPIs	Unit	2019	2018
Total packaging material used for finished products (Paper) (Note 13)	tonne	**3,545**	3,387

Note:

(13) This KPI is most relevant to the infrastructure related businesses of the Group.

The Environment and Natural Resources

Across the Group, a number of individual operations continue to identify, assess and manage potentially adverse environmental impacts including the protection of important habitats and the natural environment.

Northern Gas Networks in the UK has completed 12 land remediation projects, with a further four projects to be completed by 2021. One of the largest of these projects, is that of Carcroft AGI which had a legacy of significant coal tar ground contamination from its former site use which Northern Gas Networks inherited. This project involved excavation of approximately 1,900 m^3 of ground, of which 57% of highly contaminated soils were segregated and disposed off-site to either hazardous waste landfill or a soil treatment facility, thereby reducing environmental risks associated with the site.

Canadian Midstream Assets in Canada stewards of the land in its care thoroughly from the planning stage to the asset's retirement. Planning activities would ensure that wildlife and culturally sensitive areas are identified, and actions are then taken to reduce our impact in order to maintain healthy and functioning ecosystems. During operations, construction activities are scheduled to reduce the risk of disturbing an area during sensitive periods to wildlife. If activities have to be conducted at these times, mitigation measures would be implemented. Land would be reclaimed after use to ensure it continuously support ecological functions and land use similar to those that existed before any disturbance. This could include procedures such as addressing potential contamination, re-contouring sites, replacing soil layers and re-establishing appropriate vegetation.

Regulatory Compliance

The Group places compliance with laws and regulations as a high priority and there are mechanisms to ensure regulatory compliance in various aspects of our operations. The Group keeps abreast of the latest regulatory developments and relevant training for relevant personnel. In addition to preventive measures, the Group also ensures there are monitoring and measures to enable regulatory compliance. During the Reporting Period, the Group is not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

EMPLOYMENT AND LABOUR PRACTICES

The Group together with its core business units have over 30,000 employees around the world. The Group believes people are its most important asset. Recruiting, engaging and retaining talent are fundamental for the Group to remain ahead of its competition. The belief in talent management is demonstrated through the merit-based evaluation mechanism, competitive remuneration and inclusive work environment adopted in business units across the Group. In 2019, the turnover rate of the Group together with its core business units was approximately 8%.

Programmes have been initiated at the business unit level to recruit people from higher education institutions. United Energy and Victoria Power Networks in Australia offered a twelve-week Summer Internship Program designed to provide undergraduates the opportunity to attract greater uptake of electrical engineers to the power distribution industry, and promote women participation in non-traditional roles in the sector.

Business units of the Group offer a flexible working environment for employees to achieve a decent work life balance. Dampier Bunbury Pipeline, Multinet Gas, Energy Developments, United Energy and Victoria Power Networks in Australia, Wellington Electricity in New Zealand, and ista in Germany consider employees' requests on flexible working arrangements to balance personal needs with work commitments. UK Rails in the UK proactively supported raising awareness of mental health problems. In 2019, UK Rails took part in World Mental Health Day and took the 'Time to Change' pledge to end mental health discrimination.

To retain talent, Wales & West Gas Networks in the UK administers a flexible benefits scheme that allows employees to choose alternative benefits alongside the standard benefits package; whilst ista in Germany tries to fill management roles from its own ranks wherever possible. In order to identify and develop talented employees, a talent management process was implemented by ista since April 2017. It aims to identify and develop employees at the branches who have the desire and potential to take up managerial roles. Employees are welcome to apply for the programme themselves.

EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

The Group values employees' views and its business units have established various communication channels, such as seminars and workshops, to facilitate open dialogues with the employees, and to exchange views and collect feedback.

Business units of the Group have received awards as recognition for their achievements in different areas of employment practice. For awards in the employment practice that have been obtained by business units of the Group during the year, please refer to pages 20 to 23 of this Annual Report.

Health and Safety

The Group recognises the importance of health and safety of employees at work and business units have established individual health and safety management programmes for such purpose.

Northern Gas Networks in the UK adopted a range of measures to ensure occupational health and safety practices are implemented in the company. Northern Gas Networks obtained the third consecutive gold award from the Royal Society for Prevention of Accidents for demonstrating leading practices in health and safety. External training providers were engaged to deliver a Mental Health Awareness Programme, including training, workshops and events network-wide over the course of 2019 to better inform employees of the importance of mental health.

In Portugal, Portugal Renewable Energy purchased personal protective equipment from dedicated external suppliers to ensure safety and protection of employees in the workplace. Inspection of collective protective equipment inspections are also held regularly to review quantity and state of equipment.

Training and Development

The Group believes in talent investment and strives to realise the potential of employees through development programmes. It hopes to inspire employees to pursue further knowledge and encourage them to undertake learning. Training is provided at the business unit level to suit specific business needs and support the day-to-day job functions. In 2019, more than 740,000 training hours were provided to the employees of the Group and its core business units; the percentage of employees trained reached 88%.

The toll road employees working in Shenshan Highway East in Mainland China participated in regular training to keep abreast with highway regulations. First aid training has also been provided to interested employees of Park'N Fly in Canada.

In Australia, Australian Gas Networks is in the process of designing a non-technical training framework. This framework intends to identify training relevant for all employees. The training results will be linked to annual performance review.

Labour Standards

The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion. Employees are hired and selected based on their merits, regardless of their race, colour, sex or religious belief. The Group has zero tolerance for discrimination of any form and will not tolerate any kind of harassment that consists of unwelcome and offensive conduct (whether verbal, physical or visual) which is based upon a person's sex, marital status, disability or otherwise. The Group prohibits the use of child and forced labour in its businesses across the world. Mechanisms have been established by business units to prevent unethical practices.

Green Island Cement in Hong Kong participated in the Equal Opportunities Commission's "The Racial Inclusion Charter for Employers" to show support and to advocate the importance of diversity and inclusion in the workplace.

To diversify its recruitment, SA Power Networks in Australia each year promotes an Apprentice Recruitment Campaign, with the objectives to increase the recruitment of women and indigenous people.

Regulatory Compliance

As mentioned above, the Group recognises the importance of regulatory compliance and has established preventive, monitoring and control measures to ensure compliance with relevant employment and labour laws and regulations. The Group is not aware of (i) any material non-compliance with laws and regulations relating to employment and labour practices, occupational health and safety that has a significant impact on the Group during the Reporting Period; or (ii) any incident that has a significant impact on the Group relating to the use of child or forced labour during the Reporting Period.

OPERATING PRACTICES

Supply Chain Management

Businesses within the Group work with suppliers to make them aware of the Group's commitment to sustainability.

Sourcing Responsibility

The Group supports sustainable procurement and its business units have incorporated environmental and social responsibilities into their procurement processes. Suppliers are required to take into consideration sustainability performance.

Seabank Power in the UK reviews its suppliers' background with regard to their compliance with laws and regulations including but not limited to the Modern Slavery Act, General Data Protection Regulation ("GDPR") and Criminal Finances Act.

Engaging Suppliers

Business units of the Group exchange and share knowledge with suppliers about their procurement practices and requirements.

UK Power Networks in the UK has introduced a Supplier Relationship Management ("SRM") framework approach with an active policy reinforcing the importance of health and safety in all aspects of work activity including equipment supply and installation and of seeking and sharing innovation, technological advances and continuous improvement. The SRM framework has been introduced across business units including Victoria Power Networks in Australia. Apart from adopting the SRM, UK Power Networks has undertaken safety stand-down days to pause the normal operations and engage in safety education. Meetings are held to monitor lost time incidents and very serious incidents. Regular project review and site safety inspections have also been carried out.

OPERATING PRACTICES (CONT'D)

In UK Power Networks, a Supplier Health and Safety Engagement Day was held in 2019 with UK Power Network's suppliers to share lessons learned and to align on UK Power Networks' vision for health and safety in work. 80 suppliers have attended the session.

Victoria Power Networks in Australia implemented a contractor on-boarding software that is staged to roll out to more than 100 suppliers by the end of 2019. This software will support efficient and compliant field contractor engagement processes and enable live monitoring of contractors' performances.

Australian Gas Networks in Australia engages its key contractors for distribution and transmission pipeline operations and management services and incentivises them to improve productivity and efficiency in a consistent and sustainable manner.

Product Responsibility

Business units of the Group strive to continuously enhance customer experience of their services and products through seeking feedback from customers to improve their operations.

Product Reliability and Safety

Effort and resources have been dedicated by the Group's business units in upholding safety procedures in the course of their daily operations.

Customer Experience

Business units of the Group provide different ways to communicate and engage with customers and collect customer feedback.

To continue improving customer services standard, many business units within the Group follow the quality standard of ISO 9001, for example, HK Electric, Alliance Construction Materials, Victoria Power Networks and ista.

Customer Protection

The Group recognises the importance of personal data protection and relevant business units of the Group safeguard data privacy and provide transparency on information relating to their products and services. The relevant business units have established data and privacy protection procedures which have been communicated to employees through internal policy and training. Collected personal data is treated as confidential and kept securely, accessible only by authorised personnel.

For instance, our companies in the UK actively keep their company and employees abreast of data protection requirements such as GDPR, which became effective in May 2018. Northumbrian Water worked with an external organisation to review supplier information forms to ensure compliance with GDPR requirements and also created an in-house e-learning package for their employees. Similarly, Wales & West Gas Networks ran, and continue to run, a series of GDPR awareness workshops for employees across various departments. Wales and West Gas Networks recruited a Data Protection Officer in October 2019 to assist with increasing data protection workload and compliance with GDPR and the Data Protection Act 2018.

Regulatory Compliance

The Group has placed high importance on relevant regulatory compliance concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress. The Group is not aware of any incidents of material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress, that has a significant impact on the Group during the Reporting Period.

Anti-Corruption

The Group has zero-tolerance on any forms of bribery, corruption and fraud. Policies and measures against corruption and other malpractices are also adopted by business units across the Group. Monitoring and management control systems have been developed to detect bribery, fraud or other malpractice activities directly at the source. Employees and all other concerned stakeholders are encouraged to raise concerns on suspected cases through the Company's whistle-blowing mechanisms. Reports raised may be investigated internally by the Audit Committee or other departments of the Company delegated by the Audit Committee.

Regulatory Compliance

As mentioned above, the Group recognises the importance of regulatory compliance and has established respective preventive, monitoring and control measures to ensure compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering in respective industries. The Group is not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group during the Reporting Period.

COMMUNITY INVESTMENT

The Group's businesses support the development of communities in which they operate.

Helping the Underprivileged

Wales & West Gas Networks in the UK has extended the existing partnerships with Fire & Rescue Services in areas it has operations in order to improve customers' knowledge of carbon monoxide ("CO"). To better assist disadvantaged, underprivileged customers, these customers were provided with complementary CO alarms during home safety visits. In order to measure the effectiveness of the initiative on communities, surveys were carried out during the year. The subsequent results were encouraging, during 2019 over 2,700 surveys were completed and the initiative has contributed to a 59% positive increase in awareness of CO.

UK Power Networks in the UK continued to carry out fuel poverty programmes which look to identify and support people in vulnerable circumstances who may be struggling to pay their essential living costs including energy costs. In 2019, UK Power Networks expanded their schemes of personalised support to occur in the summer as well as in the winter season. To date, UK Power Networks' fuel poverty programmes were able to reach over 520,000 households enhancing their knowledge on how to save money by adopting energy saving behaviours.

Reliance Home Comfort in Canada provided financial support to a Canadian local charity, United Way Niagara, with an aim to support and strengthen the local communities by helping residents in Niagara regardless of their age or background. This is part of an overall effort by Reliance Home Comfort to participate in annual charitable fundraising campaigns supporting the local United Way charities in the various communities in which Reliance Home Comfort is located.

COMMUNITY INVESTMENT (CONT'D)

Supporting Education

UK Power Networks in the UK worked with charity MyBnk to implement a new financial education programme Money Buzz which educates young people on how they could save energy and money whilst helping the environment. This programme particularly targets children from lower income families whose energy costs account for a significant portion of household income. This programme was able to reach 14 schools in UK Power Networks' regions, working with approximately 1,100 children in 2019.

In the Netherlands, plant tours were arranged with the aim to further educate the community on the waste-to-energy process, and Dutch Enviro Energy's role in the community. In Portugal, Portugal Renewable Energy participated in the Education Week at Porto de Mós raising awareness of renewable energy in the local community.

Conserving the Environment

In New Zealand, EnviroNZ works in partnership with Habitat for Humanity Central North Island to divert reusable items from landfill in Taupo. This not only lowers the waste volume to the landfill, but also raises funds to support charity. All funds raised by Habitat in the region go towards helping people with programmes including critical home repair, operation of social rental and pensioner housing, and assisted home ownership.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares or other securities of the Company and investors are advised to make their own judgement or consult their own investment advisors before making any investment in the shares or other securities of the Company.

GLOBAL ECONOMY

Escalating protectionism as reflected in the trade frictions between the United States and certain major nations, Brexit uncertainties, the fluctuation of the US dollar against major currencies around the world, the increasing geopolitical tensions as well as the recent plunge in global oil prices, all have created uncertainties in the world economy and global financial market. A slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom ("UK"), Continental Europe, Australia, New Zealand and Canada. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions or results of operations, asset values and liabilities.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

The recent outbreak of coronavirus disease (COVID-19) in different parts of the world, including the places of businesses at which the Group operates, have a significant adverse impact on most economies due to the community standstill, disruption of business activities, and weakened sentiment in the consumption and tourism related sectors. As the situation of the highly infectious disease is still evolving, the heightened uncertainties surrounding the pandemic may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an impact on the operations of the Group and its results of operations may suffer.

ECONOMIC CONDITIONS AND INTEREST RATES

The industries in which the Group operates are affected by the economic conditions of the various places where the Group's investments or operations are located, the population growth of these places, mark to market value of securities investments, the currency environment and interest rates cycles. There can be no assurance that the combination of the above factors the Group experiences in the future will not adversely affect its financial conditions or results of operations.

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

POTENTIAL RISKS IN RELATION TO WITHDRAWAL OF THE UK FROM EUROPEAN UNION'S MEMBERSHIP ("BREXIT")

The UK voted in 2016 to leave the European Union ("EU"), resulting in financial market volatility and a fall in the value of the British pound. The UK ceased to be a member state of the EU on 31st January, 2020 and entered into a transition period until 31st December, 2020. The negotiation outcome between the UK and the EU concerning the trade agreement governing their relationship after the transition period remains uncertain. In any event, Brexit has created significant uncertainty about the future relationship between the UK and the EU, including with respect to the laws and regulations that will apply as the UK will have to determine which EU-derived laws to replace or replicate.

While the Group's businesses in the UK are either protected by the respective regulated regimes or under long term payment contracts, and are essential services including electricity, water & sewage, gas and transportation, the continuing uncertainties following Brexit could adversely affect the economy of the UK and the strength of the British pound, although the long term implication of Brexit remains to be seen.

A significant and prolonged depreciation of the British pound may affect the Group's reported profit, and its ability to maintain future growth of dividends for shareholders.

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

The business operation of the Group may be viewed as substantially concentrated in one or more geographical markets or in one particular or more types of business. If and when the Group's operations are exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience or terrorism, or even outbreaks of epidemics in such geographical markets and/or business segments, the adverse circumstances may materially disrupt the Group's operations and, in turn, impact the revenue, profitability and financial conditions of the Group.

HIGHLY COMPETITIVE MARKETS

The Group's waste management, off-airport car park, rolling stock leasing, cement and household infrastructure businesses face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) possible restrictions on the access by the shuttle buses operated by the Group's off-airport car park businesses as imposed by the airport authorities who operates the on-airport car park businesses; (b) the availability of rail link services from city centre to airport which may reduce the usage of the off-airport car park; and (c) significant competition and pricing pressure from other competitors attempting to capture a higher level of market share. Such risks may adversely affect the financial performance of the Group's operation.

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. The regulated businesses are exposed to lower allowed pricing in the upcoming price resets. Infrastructure projects are capital intensive, and with only a few major players in the market, there can be no assurance of ready buyers on disposal.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. The capacity factor (load factor) of the Group's wind farms could also be affected by the wind condition, which could result in the fluctuation of revenues. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

CRUDE OIL MARKETS

The Group's investment in Husky Midstream Limited Partnership ("HMLP") comprises oil pipelines, storage facilities and ancillary assets in Canada. Its results of operation and financial conditions may be dependent on the prices received for Husky Energy Inc. ("Husky")'s refined products and crude oil. Lower prices over a prolonged period of time for crude oil could adversely affect the value and quantity of Husky's oil reserve. HMLP also has other customers apart from Husky and their demand for HMLP's services may depend on prices received for their refined products and crude oil. Prices for refined products and crude oil are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand may be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social and political conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns and the availability of alternate sources of energy. In 2016, Husky had a pipeline release at a river crossing in Saskatchewan, Canada. Husky took full responsibility for the incident and worked closely with downstream communities, First Nations and regulatory authorities on the response. A full and thorough investigation was undertaken and Husky is committed to using what it learned from the incident to further improve its operations. If the above events occurred or further occurred, it may adversely affect the Group's financial conditions and results of operations.

CAPITAL EXPENDITURE

A significant amount of capital expenditure is required for the Group to acquire new investments and to maintain the assets of its existing businesses. While the relevant asset companies have their own asset management plans, there is a risk that due to unforeseen events, capital expenditure required for the replacement of assets could exceed budgeted amounts and hence affect the businesses, financial conditions, results of operations or growth prospects of the Group.

CURRENCY FLUCTUATIONS

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand and Canada, and is exposed to potential currency fluctuations in these countries and places in which the Group operates. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial conditions or results of operations, asset values and liabilities. The fluctuations in currencies and in particular, the devaluation of the pound sterling arising from Brexit, impact on all businesses in the market that have exposure in the UK and/or to pound sterling. While the Company is not immune from such impact, there is no material change beyond market expectation.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

CYBERSECURITY

With the fast expanding adoption of internet and networking operational technology, cyberattacks around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberworld. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group.

Although the Group has not experienced any major damage to its infrastructure projects, assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

MERGERS AND ACQUISITIONS

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Political, regulatory and media attention has increased significantly towards privatised companies in countries in which the Group operates. Regulators in some of these countries have warned of increasingly onerous regulatory resets, and some major political parties are promoting policies to bring energy, water and railways back into public ownership, which could potentially have serious and material consequences for the Group if such regulations and policies are enacted. Group companies are responding to these risks by focusing on their core strategies of delivering and outperforming regulatory outputs such as safety, reliability and customer service, at the lowest cost possible; by conveying the positive benefits to customers of the services they provide; and by engaging collaboratively with regulators and politicians to demonstrate the advantages of private ownership.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

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

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards ("IFRS"). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group's financial position or results of operations.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

NATURAL DISASTERS

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, drought or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

SOCIAL INCIDENTS AND TERRORIST THREAT

The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand and Canada. In recent years, a series of terrorist activities occurred across the globe that resulted in multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threat, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

PROJECT PROFILES

Investment in
POWER ASSETS

POWER ASSETS HOLDINGS LIMITED
HONG KONG

Power Assets Holdings Limited is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution; renewable energy; gas distribution and energy-from-waste

HK OPERATIONS

Business
Owns 33.37% HKEI which supplies electricity to Hong Kong Island and Lamma Island

Installed capacity
3,237 MW

Consumer coverage
More than 570,000 customers

OPERATIONS OUTSIDE HK

Business
Established a strong global presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, the United States, Canada, Thailand, the Netherlands and Portugal, bringing sustainable energy and lighting up the lives of millions around the world

CKI's ownership
35.96%

Infrastructure Investments in
UNITED KINGDOM

UK POWER NETWORKS HOLDINGS LIMITED
THE UNITED KINGDOM

Business
One of the UK's largest power distributors comprises three regional networks with a distribution area that covers London, south east and east of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites

Electricity distribution network length
Approximately 190,000 km

Consumer coverage
Approximately 8.25 million customers

CKI's ownership
40%
(another 40% held by Power Assets)

NORTHUMBRIAN WATER GROUP LIMITED
THE UNITED KINGDOM

Business
One of the ten regulated water and sewerage companies in England and Wales. It supplies water and sewerage services in the north east of England and supplies water services to the south east of England

Length of mains/sewers
Water mains – Approximately 26,000 km
Sewers – About 30,000 km
Water treatment works – 64
Sewage treatment works – 437
Water service reservoirs – 354

Consumer coverage
Serves a total population of 4.5 million

CKI's ownership
40%

Additional economic benefits
CKI 12%; Power Assets 8%

Infrastructure Investments in

UNITED KINGDOM (CONT'D)

NORTHERN GAS NETWORKS LIMITED

THE UNITED KINGDOM

Business
One of the eight major gas distribution networks in Great Britain

Natural gas distribution network length
Approximately 37,000 km

Consumer coverage
Serves a total population of around 6.7 million

CKI's ownership
47.1%
(another 41.3% held by Power Assets)

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

THE UNITED KINGDOM

Business
A gas distribution network that serves Wales and the south west of England

Natural gas distribution network length
35,000 km

Consumer coverage
Serves a total population of 7.5 million

CKI's ownership
30%
(another 30% held by Power Assets)

Additional economic benefits
CKI 9%; Power Assets 6%

SEABANK POWER LIMITED

BRISTOL, THE UNITED KINGDOM

Business
Owns and operates Seabank Power Station near Bristol. The electricity is sold under a long-term contract to SSE Energy Supply Ltd.

Generation capacity
Approximately 1,150 MW

CKI's ownership
25%
(another 25% held by Power Assets)

SOUTHERN WATER SERVICES LIMITED

THE UNITED KINGDOM

Business
Supplies water and waste water services to the south east of England

Length of mains/sewers
Water mains – 13,700 km
Length of sewers – 39,600 km

Consumer coverage
Water –
Serves a population of 2.4 million
Recycles wastewater –
Serves a population of 2.4 million

CKI's ownership
4.75%

Infrastructure Investments in
UNITED KINGDOM (CONT'D)

UK RAILS GROUP
THE UNITED KINGDOM

Business
One of the three major rolling stock operation companies in the United Kingdom. It leases a diverse range of rolling stock on long term contracts

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

Infrastructure Investments in
AUSTRALIA

SA POWER NETWORKS
SOUTH AUSTRALIA, AUSTRALIA

Business
Primary electricity distribution business for the state of South Australia

Electricity distribution network length
Approximately 89,000 km

Consumer coverage
Approximately 887,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

POWERCOR AUSTRALIA LIMITED
VICTORIA, AUSTRALIA

Business
Operates a major electricity distribution network, covering an area of 150,000 sq km in the state of Victoria

Electricity distribution network length
Approximately 88,000 km

Consumer coverage
Around 830,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

CITIPOWER I PTY LTD.
VICTORIA, AUSTRALIA

Business
Operates the electricity distribution network in the CBD and inner suburban areas of Melbourne, Victoria

Electricity distribution network length
Approximately 7,500 km

Consumer coverage
Around 330,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

Infrastructure Investments in
AUSTRALIA (CONT'D)

UNITED ENERGY LIMITED
AUSTRALIA

Business
Operates a major electricity distribution network in the state of Victoria

Electricity distribution network length
Approximately 13,000 km

CKI's ownership
26.4%
(another 13.2% held by Power Assets)

AUSTRALIAN GAS NETWORKS LIMITED
AUSTRALIA

Business
One of Australia's largest distributors of natural gas

Natural gas distribution network length
Approximately 25,000 km

Consumer coverage
Approximately 1.3 million customers

CKI's ownership
Approximately 45%
(another 27.5% held by Power Assets)

Additional economic benefits
CKI 8.25%; Power Assets 5.5%

DAMPIER BUNBURY PIPELINE
AUSTRALIA

Business
Natural gas transmission pipeline connecting the Carnarvon/Browse Basins with Perth

Natural gas pipeline length
About 3,080 km

CKI's ownership
40%
(another 20% held by Power Assets)

MULTINET GAS LIMITED
AUSTRALIA

Business
Operates a gas distribution network in the state of Victoria

Natural gas distribution network length
Approximately 9,866 km

Consumer coverage
Approximately 700,000 customers

CKI's ownership
40%
(another 20% held by Power Assets)

Infrastructure Investments in
AUSTRALIA (CONT'D)

ENERGY DEVELOPMENTS PTY LIMITED
AUSTRALIA

Business
Owns and operates a portfolio of power generation facilities in Australia, North America and Europe, specialising in producing electricity from safe, clean, low greenhouse gas emissions sources such as landfill gas, waste coal mine gas, wind, and solar; and providing energy solutions in remote regions

Generation capacity
Over 1,000 MW

CKI's ownership
40%
(another 20% held by Power Assets)

AUSTRALIAN ENERGY OPERATIONS PTY LTD.
VICTORIA, AUSTRALIA

Business
Operates a transmission link which transports renewable energy from the wind farm to Victoria's power grid

Electricity transmission network length
42 km

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

Infrastructure Investments in
NEW ZEALAND

WELLINGTON ELECTRICITY LINES LIMITED
WELLINGTON, NEW ZEALAND

Business
Operates the electricity distribution network in New Zealand's capital city, Wellington, and the surrounding greater Wellington area

Electricity distribution network length
About 4,700 km

Consumer coverage
Approximately 168,000 customers

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

ENVIRO (NZ) LIMITED
NEW ZEALAND

Business
A diversified, vertically integrated waste management business that has national coverage in New Zealand

Facilities
A network of collection facilities at 18 locations nationwide, 14 transfer stations, 3 landfills and a fleet of over 290 vehicles

Consumer coverage
More than 500,000 commercial and residential customers

CKI's ownership
100%

PROJECT PROFILES

Infrastructure Investments in

CONTINENTAL EUROPE

ISTA
GERMANY

Business
One of the world's leading fully integrated energy management services providers with strong market positions in European countries such as Germany, Denmark, the Netherlands, France, Italy and Spain

Consumer coverage
Covering over 13 million homes

CKI's ownership
35%

DUTCH ENVIRO ENERGY HOLDINGS B.V.
THE NETHERLANDS

Business
Owns the largest energy-from-waste player in the Netherlands, AVR, which operates 5 waste treatment plants in Rozenburg and Duiven; as well as 4 transfer stations

Capacity (plants)
Energy from Waste –
2,300 kilotonnes per year
Biomass Energy – 140 kilotonnes per year
Liquid Waste – 270 kilotonnes per year
Paper Residue Incineration –
160 kilotonnes per year

Capacity (transfer stations)
1,000 kilotonnes per year

CKI's ownership
35%
(another 20% held by Power Assets)

Additional economic benefits
CKI 10.5%; Power Assets 7%

PORTUGAL RENEWABLE ENERGY
PORTUGAL

Business
One of the largest wind energy companies in Portugal

Generation capacity
About 730 MW

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

Infrastructure Investments in

CANADA

RELIANCE HOME COMFORT
CANADA

Business
Principally engaged in the building equipment services sector providing rental water heaters, rental HVAC equipment, comfort protection plans and other services to homeowners primarily in Ontario, Canada

Consumer coverage
Over 1.9 million customers

CKI's ownership
25%

Infrastructure Investments in
CANADA (CONT'D)

CANADIAN MIDSTREAM ASSETS
CANADA

Business
This business comprises oil pipelines, storage facilities and ancillary assets in Canada

Length of oil pipeline
2,200 km

Storage facilities
2

CKI's ownership
16.25%
(another 48.75% held by Power Assets)

CANADIAN POWER HOLDINGS INC.
CANADA

Business
Owns 49.99% share of TransAlta Cogeneration, L.P. which operates four power plants in the provinces of Ontario and Alberta as well as 100% of the Meridian Cogeneration Plant in Saskatchewan

Generation capacity
Five power plants with total gross capacity of 1,274 MW

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

PARK'N FLY
CANADA

Business
The largest off-airport car park provider in Canada and the only national operator. The company provides parking facilities in Toronto, Vancouver, Montreal, Edmonton, Ottawa, Halifax and Winnipeg

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA

SHEN-SHAN HIGHWAY (EASTERN SECTION)
GUANGDONG, CHINA

Location
Lufeng/Shantou, Guangdong Province

Road type
Expressway

Length
140 km

No. of lanes
Dual two-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$2,619 million

CKI's investment
HK$877 million

CKI's interest in JV
33.5%

PROJECT PROFILES

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA (CONT'D)

SHANTOU BAY BRIDGE

GUANGDONG, CHINA

Location
Shantou, Guangdong Province

Road type
Bridge

Length
6 km

No. of lanes
Dual three-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$665 million

CKI's investment
HK$200 million

CKI's interest in JV
30%

JIANGMEN CHAOLIAN BRIDGE

GUANGDONG, CHINA

Location
Jiangmen, Guangdong Province

Road type
Bridge

Length
2 km

No. of lanes
Dual two-lane

Joint venture contract date
1997

Joint venture expiry date
2027

Total project cost
HK$130 million

CKI's investment
HK$65 million

CKI's interest in JV
50%

PANYU BEIDOU BRIDGE

GUANGDONG, CHINA

Location
Panyu, Guangdong Province

Road type
Bridge

Length
3 km

No. of lanes
Dual three-lane

Joint venture contract date
1999

Joint venture expiry date
2024

Total project cost
HK$164 million

CKI's investment
HK$66 million

CKI's interest in JV
40%

ALLIANCE CONSTRUCTION MATERIALS LIMITED

HONG KONG

CONCRETE DIVISION

Business
Hong Kong's largest concrete producer

Total capacity
4 million cubic meters per year

CKI's ownership
50%

QUARRY DIVISION

Business
1 quarry in China and the exclusive distribution rights for another quarry in China for sales of concrete aggregates in Hong Kong

Total capacity (aggregates)
6 million tonnes per year

CKI's ownership
50%

GREEN ISLAND CEMENT COMPANY LIMITED

HONG KONG

Business
The only fully integrated cement producer in Hong Kong

Total capacity
Clinker – 1.5 million tonnes per year
Cement grinding – 2.5 million tonnes per year

CKI's ownership
100%

GREEN ISLAND CEMENT (YUNFU) COMPANY LIMITED

GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 2 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
100%

GUANGDONG GITIC GREEN ISLAND CEMENT CO. LTD.

GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 1 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
67%

YUNFU XIANGLI CEMENT COMPANY LIMITED

GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement Production
Jetty

Total capacity
Cement grinding – 1 million tonnes per year
Jetty – Three berths with an annual throughput capacity reaching 3 million tonnes

CKI's ownership
100%

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)
CHEN Tsien Hua

Independent Non-executive Directors

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
Colin Stevens RUSSEL
LAN Hong Tsung, David
Barrie COOK
Paul Joseph TIGHE

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

Alternate Directors

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan)
(alternate to FOK Kin Ning, Canning)
MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning
Frank John SIXT
KAM Hing Lam
IP Tak Chuen, Edmond
Andrew John HUNTER
CHAN Loi Shun
CHEN Tsien Hua
CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
Colin Stevens RUSSEL
LAN Hong Tsung, David
Barrie COOK
Paul Joseph TIGHE
LEE Pui Ling, Angelina
George Colin MAGNUS

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
BNP Paribas
Canadian Imperial Bank of Commerce
Credit Agricole Corporate and Investment Bank
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
National Australia Bank Limited
The Bank of Nova Scotia
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House,
41 Cedar Avenue,
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODES

Stock Exchange of Hong Kong: 1038
Bloomberg: 1038 HK
Reuters: 1038.HK

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

For further information about CK Infrastructure Holdings Limited, please contact:

IVAN CHAN

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Email: contact@cki.com.hk

KEY DATES

Annual Results Announcement	18th March, 2020
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	8th May, 2020 to 13th May, 2020 *(both days inclusive)*
Annual General Meeting	13th May, 2020 (Note)
Record Date (for determination of shareholders who qualify for the Final Dividend)	19th May, 2020
Payment of Final Dividend	29th May, 2020

Note: Due to the ongoing situation of the coronavirus disease (COVID-19), shareholders are advised to kindly note any future announcements to be published by the Company regarding the 2020 Annual General Meeting (if any).

This annual report 2019 ("Annual Report") is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

The Annual Report (both English and Chinese versions) has been posted on the Company's website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Annual Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

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