Power Assets Holdings Ltd.
電能實業有限公司
(Stock Code : 6)

Annual Report
2024

Quality Assets
Power Growth

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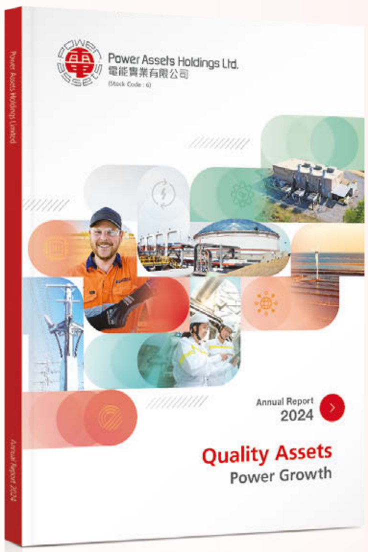
Power Growth



On the cover of our 2024 annual report, we show how our people are working towards a sustainable future powered by green energy. Dynamic circles and lines, transitioning from red (traditional energy) in the lower-left to green (environmental energy) in the upper-right, symbolise our commitment and ability to make this transformation a reality.

A Strategic Global Investor
in the Energy Sector

Power Assets Holdings Limited ("Power Assets" or the "Group") is a global investor in energy and utility-related businesses, with interests in the transmission of electricity, gas and oil, the distribution of electricity and gas, and the generation of energy from thermal, waste and other renewable sources.

From our origins in Hong Kong 135 years ago, the Group has expanded its presence to the United Kingdom, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States. Today, Power Assets supplies clean, reliable and affordable energy to about 20.1 million homes and businesses worldwide. The bulk of our business revenue is derived from our interests in 509,100 km of power, gas and oil networks, supplemented by investments in around 9,600 MW of power generation facilities.

Our investments consist primarily of acquisitions, supplemented by greenfield development activities. We follow an active yet prudent strategy of long-term sustainable growth by focusing on appropriately-priced companies operating in well-regulated and mature markets that deliver predictable income streams.

A global transition to green energy is underway to support the carbon neutrality ambitions of markets around the world. As a key player in the energy sector, we invest extensively in innovation and technology to catalyse this transition, with minimal compromise on reliability and affordability.

Listed on the Stock Exchange of Hong Kong as a constituent share of the Hang Seng Index, Power Assets has also been a constituent of the Hang Seng Corporate Sustainability Index since 2010.

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Performance Highlights

20,106,000
NUMBER OF CUSTOMERS

119,100 km
GAS / OIL PIPELINE LENGTH

390,000 km
POWER NETWORK LENGTH

1,182 MW
GENERATION CAPACITY
- RENEWABLE ENERGY / ENERGY-FROM-WASTE / BIOMASS

5,581 MW
GENERATION CAPACITY
- GAS-FIRED

2,868 MW
GENERATION CAPACITY
- COAL-FIRED / OIL-FIRED / DIESEL GENERATORS

Financials	2024 HK$	2023 HK$
Profit attributable to shareholders (million)	**6,119**	6,003
Earnings per share	**2.87**	2.82
Dividends per share	**2.82**	2.82
Total equity (million)	**87,076**	88,752
Cash on hand (million)	**2,733**	4,201
Debts (million)	**2,505**	3,097
Net debt to net total capital ratio	**Net Cash**	Net Cash
S&P credit rating	**A / Stable**	A / Stable

Our Business Portfolio

Europe

United Kingdom

UK Power Networks (UKPN)

Network Length	191,500 km
Customers	8,500,000
Joined / Interest	2010 / 40%

UK Power Networks Services
(a non-regulated business of UKPN)

Installed Capacity	69 MW

Northern Gas Networks (NGN)

Gas Pipeline Length	37,000 km
Customers	2,900,000
Joined / Interest	2005 / 41.29%

Wales & West Utilities (WWU)

Gas Pipeline Length	35,200 km
Customers	2,600,000
Joined / Interest	2012 / 36%

Seabank Power (SPL)

Installed Capacity	1,149 MW
Joined / Interest	2010 / 25%

Energy Developments Pty Ltd (EDL)

Installed Capacity	49 MW 12 MW in Greece
Joined / Interest	2017 / 20%

Phoenix Energy

Gas Pipeline Length	4,100 km
Customers	261,000
Joined / Interest	2024 / 20%

UK Renewables Energy

Installed Capacity	175 MW
Joined / Interest	2024 / 20%

Netherlands

Dutch Enviro Energy Holdings B.V.
(which owns AVR-Afvalverwerking B.V. (AVR))

Installed Capacity

Waste-to-Energy Units	140 MW*
Biomass-Fired Units	26 MW
Joined / Interest	2013 / 27%

* 117 MW is temporarily out of service due to replacement of new turbines with a total capacity of 88 MW.

North America

Canada

Canadian Power Holdings (Canadian Power)

Meridian

Installed Capacity	220 MW
Joined / Interest	2007 / 50%

TransAlta

Installed Capacity	1,064 MW
Joined / Interest	2007 / 25%

Okanagan Wind Power

Installed Capacity	30 MW
Joined / Interest	2021 / 50%

Husky Midstream Limited Partnership (Husky Midstream)

Oil Pipeline Length	2,300 km
Oil Storage Capacity	5.9 million barrels
Pipeline Gathering System Capacity	409,000 barrels/day
Joined / Interest	2016 / 48.75%

Energy Developments Pty Ltd (EDL)

Installed Capacity	11 MW
Joined / Interest	2017 / 20%

United States of America

Energy Developments Pty Ltd (EDL)

Installed Capacity	143 MW
Joined / Interest	2017 / 20%

LEGENDS

Generation — Energy-from-waste — Electricity Transmission & Distribution
Oil Pipelines & Storage Facilities — Gas Transmission & Distribution — Renewables

Oceania

Australia

SA Power Networks (SAPN)

Network Length	90,700 km
Customers	927,000
Joined / Interest	2000 / 27.93%

Victoria Power Networks (VPN)

(which owns Powercor and CitiPower)

Powercor

Network Length	77,700 km
Customers	937,000
Joined / Interest	2000 / 27.93%

CitiPower

Network Length	4,600 km
Customers	351,000
Joined / Interest	2002 / 27.93%

Energy Developments Pty Ltd (EDL)

Installed Capacity	763 MW
Joined / Interest	2017 / 20%

Australian Energy Operations (AEO)

Network Length	72 km
Joined / Interest	2012 / 50%

Australian Gas Networks (AGN)

(a member of Australian Gas Infrastructure Group (AGIG))

Gas Pipeline Length	28,100 km
Customers	1,418,000
Joined / Interest	2014 / 27.51%

Dampier Bunbury Pipeline and AGI Development Group (collectively known as "DBP")

(a member of AGIG)

Gas Pipeline Length	2,300 km
Joined / Interest	2017 / 20%

Multinet Gas (MGN)

(a member of AGIG)

Gas Pipeline Length	10,100 km
Customers	724,000
Joined / Interest	2017 / 20%

United Energy (UE)

Network Length	13,500 km
Customers	718,000
Joined / Interest	2017 / 20%

New Zealand

Wellington Electricity (WELL)

Network Length	4,900 km
Customers	177,000
Joined / Interest	2008 / 50%

Asia

Mainland China

Jinwan Power

Installed Capacity	1,200 MW
Joined / Interest	2009 / 45%

Dali Wind Power

Installed Capacity	48 MW
Joined / Interest	2007 / 45%

Laoting Wind Power

Installed Capacity	49.5 MW
Joined / Interest	2008 / 45%

Hong Kong

HK Electric

Installed Capacity	3,083 MW
Network Length	7,000 km
Customers	593,000
Established / Interest	1889 / 33.37%

Thailand

Ratchaburi Power Company (RPCL)

Installed Capacity	1,400 MW
Joined / Interest	2001 / 25%

Chairman's Statement

Full Year Results

I am pleased to share my Chairman's Statement for 2024, my first as Chairman of Power Assets Holdings Limited ("Power Assets" or the "Group"). The Group's overall financial performance has been robust, with profit contributions from our international quality businesses reporting growth of 5% year on year.

While markets around the world have remained volatile – with persistent challenges presented by geopolitical tensions, inflationary pressure and high interest rates – Power Assets has demonstrated the resilience of its business model and the stability afforded by investments in regulated assets. We have delivered good shareholder returns, rewarding our stakeholders that have shown confidence in our business.

For the year ended 31 December 2024, Power Assets reported a net profit of HK$6,119 million (2023: HK$6,003 million), representing 2% growth over the previous year.

Dividends

The Board of Directors has recommended a final dividend of HK$2.04 per share. Together with the interim dividend of HK$0.78 per share, the total dividend for the year will amount to HK$2.82 per share, in line with the total dividend of HK$2.82 per share last year. The proposed dividend will be paid on 10 June 2025 following approval at the 2025 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on 27 May 2025.

Growth Momentum Continues

In addition to ensuring the success and optimised performance of our existing businesses, Power Assets is focused on strategically expanding our portfolio to ensure sustainable growth for the future. A number of acquisitions that strengthen our portfolio with immediate cashflow and steady revenues were completed during the year.

We have continued to deepen our strategic partnership with CK Infrastructure Holdings Limited (CKI) and CK Asset Holdings Limited (CKA) with the acquisitions of Phoenix Energy and UK Renewables Energy (previously known as Aviva Wind). Phoenix Energy owns the largest natural gas distribution network in Northern Ireland and operates under a supportive regulatory framework. UK Renewables Energy comprises 32 wind farms in England, Scotland and Wales. Power Assets now holds a 20% interest in each of the business, which will further enhance our successful track record in working with CKI and CKA.

The Group's operating company UK Power Networks (UKPN) also acquired Powerlink Renewable Assets, which owns and operates 70 renewable power-generation assets in the United Kingdom (UK).

Firm Financial Foundation

The Group's existing businesses and future growth plans are underpinned by a strong financial foundation. With a net cash position at Power Assets, we are able to demonstrate our sound financial footing. The net debt to net total capital ratio was a robust 44% on a look-through basis (after sharing net debt of our international investment portfolio).

Backed by this low gearing and an "A/Stable" credit rating by Standard & Poor's, we are well-positioned to capitalise on new opportunities going forward. Our balance sheet is strong, and even after recent acquisitions, our financial health remains robust.

International Energy Investment Portfolio

United Kingdom Portfolio

As the Group's largest market, a total contribution of HK$3,199 million was delivered by investments in the UK in 2024 (2023: HK$2,794 million). New revenue streams were generated from newly acquired businesses during the period.

Building on strong operational and financial performance, UKPN achieved good results. The company's outstanding customer service credentials were recognised again as it ranked first among Distribution System Operators in the annual league table published by Ofgem (The Office of Gas and Electricity Markets), the regulator. UKPN remains committed to helping customers reduce the cost of power supply, while delivering the safest and most reliable network possible.

Northern Gas Networks and Wales & West Utilities both delivered solid results for the year and provided stable returns to the Group. They are now actively preparing for the RIIO-GD3 price control period and working diligently to develop net-zero-ready gas networks, in support of the UK's environmental goals for 2050. New hydrogen and green projects are being pursued, in addition to measured capital investment for network improvement to ensure future efficiency, reliability and safety.

Seabank Power Station delivered stable revenues in 2024. Operation targets were successfully achieved for availability, efficiency and start-up performance.

Australian Portfolio

The Group's Australian Portfolio generated profit contribution of HK$1,403 million in 2024 (2023: HK$1,433 million).

SA Power Networks (SAPN) received the draft decision for the upcoming regulatory reset for the period 2025-2030, paving the way for steady and predictable returns in the future. Another milestone was achieved by SAPN in its sustainability journey as it became the first Australian electricity distributor to issue a certified green bond to market.

Both Victoria Power Networks (VPN) and United Energy delivered stable returns and at the same time, new non-regulatory projects were actively pursued to generate additional cashflow and returns. Powercor, a subsidiary of VPN, received a licence to plan, design and build transmission structure within its current distribution footprint to deliver lower costs and faster connections for major projects such as large-scale solar and wind generation.

Solid performance was achieved by Australian Gas Infrastructure Group. Australian Gas Networks commenced the design phase of the Gawler Gate Station project in South Australia, which will enhance the security of gas supply. Multinet Gas Networks made good progress on its mains replacement programme, as well with its information technology programmes – both helping to maintain a strong operational performance.

Dampier Bunbury Pipelines achieved excellent reliability levels, exceeding targets. Energy Developments Limited also operated Limestone and Lorain renewable natural gas plants, contributing to decarbonisation.

Canadian Portfolio

In Canada, the Group's businesses delivered satisfactory results.

Canadian Power successfully extended the long-term power purchase contracts with the customers of its Meridian plant. It will continue to provide cost-effective and reliable electricity to support the economic hub of Northwest Saskatchewan.

Husky Midstream reported good returns, benefiting from the overall positive market environment for crude oil, resulting in increased production from customers and higher throughput volumes.

Other Portfolios

In Mainland China, the Jinwan co-generation power plant continued to generate stable profit contribution. The two wind farms in Dali and Laoting also made significant impact by avoiding 88,000 tonnes of carbon emissions for these provinces.

In the Netherlands, AVR-Afvalverwerking B.V. is currently restoring the Energy-from-Waste plant in Rozenburg after the fire in 2023. It is now in the final stages of reconstruction and has achieved a partial re-start as planned. All seven incineration lines were re-commissioned in the first week of January 2025.

Wellington Electricity in New Zealand reported stable operations and contributed steady cashflow to the Group.

In Thailand, the Ratchaburi Power Company achieved good results, with guaranteed returns from the national offtaker, Electricity Generating Authority of Thailand.

Investment in HK Electric Investments

HK Electric Investments and its sole operating company, HK Electric, continued to provide stable returns to the Group, contributing profit of HK$1,038 million for 2024 (2023: HK$1,053 million).

HK Electric's transition from coal-fired to gas-fired generation marks a critical milestone in its journey toward net-zero electricity generation, supporting the Government's interim decarbonisation target to reduce the city's carbon emissions by 50% before 2035 as compared to the 2005 level. With the commissioning of a new 380-MW gas-fired combined-cycle generating unit (L12) in March 2024, HK Electric has increased gas-fired generation to around 70% of total output. In addition, the company retired two more coal-fired units in the first half of 2024, with a target to phase out all coal-fired generation by 2035.

By adopting a proactive maintenance strategy and enhancing its power network and systems to ensure a stable and reliable power supply under all weather conditions, HK Electric achieved a world-class supply reliability of over 99.9999% in 2024.

Key Sustainability Focus

The global shift towards sustainable and renewable energy sources continues to progress. We have long recognised this changing demand and have been actively responding to this by empowering our existing businesses to spearhead change and by pursuing new investment opportunities in the green arena.

Many governments and local communities around the world have established targets for decarbonisation. We are very supportive of these objectives. Our operating companies are working to secure sustainable electricity and green gas supply for the markets we operate in.

In the UK and Australia, our gas distribution networks have continued to work on clean hydrogen and biomethane projects. Our electricity distribution networks in the UK, Hong Kong and Australia have been building on operational flexibility to accommodate the intermittency of renewable energy, while also providing reliable electricity for EV charging facilities.

The Group will continue to place emphasis on biodiversity and the preservation of natural ecosystems, recognising that they are essential for our long-term sustainability and resilience.

Outlook

Looking ahead, our operating companies are poised to benefit from stable operating environments backed by secure regulatory frameworks, enabling them to deliver predictable revenue streams to the Group.

Given the ongoing challenges in the global macro-economic environment, the Group's sound portfolio of businesses that provide predictable returns will continue to be appealing. We remain relatively insulated from the pressures of inflation and high borrowing costs by our large proportion of regulated businesses.

A key part of our growth strategy is to continue to invest in new businesses globally that meet our criteria, with a focus on high-quality assets in mature, well-regulated energy markets. Projects that meet sustainability objectives will also be prioritised. In making these acquisitions, we will consider continued partnerships with CKI and CKA, given the strategic alignment of our values.

We look forward to continued progress across our portfolio and delivering value to our shareholders.

I would like to extend my gratitude for the ongoing commitment and efforts of our board and employees, as well as the continued support of our shareholders and stakeholders.

Andrew John Hunter
Chairman
Hong Kong, 19 March 2025

Long-Term Development Strategy

With global investments in energy generation, transmission and distribution, Power Assets provides power and heating to millions of customers across four continents.

Four key principles underpin our growth and development

Grow shareholder value through expertise and innovation

The Group aspires to deliver long-term earnings growth by investing in a portfolio of carefully selected companies. Supported by a loyal base of committed shareholders who share this ethos, Power Assets pursues its goals by addressing sectors where it has natural expertise, within stable, well-structured international markets, namely renewables, energy-from-waste, electricity, and oil and gas infrastructure businesses. We actively invest in innovation to improve energy affordability and reliability and minimise emissions.

Serve as a catalyst for the green energy transition

We participate in the worldwide effort to combat climate change. We aim to transition the industry into the net-zero carbon era by investing in a range of new technologies that support government efforts to decarbonise. These include renewable energy, smart metering and grid technology, as well as emissions reduction and energy efficiency technologies.

In addition, we seek to decarbonise our power generation portfolio by phasing out our coal-fired facilities, replacing them with natural gas, and by using cleaner fuels and expanding renewable energy (RE), waste-to-energy, and our carbon capture and utilisation capacity. We are modernising and digitising our electricity networks to accommodate the projected influx of distributed renewable sources as well as the massive surge in charging requirements anticipated for electric vehicles. Our gas companies are blending hydrogen and biogas into existing gas networks with the ultimate aim of replacing natural gas with hydrogen and biogas to achieve the net zero targets of local governments. We remain committed to exploring sizeable RE investment opportunities and developing RE ventures through our operating companies.

Pursue global diversification while minimising risks

Power Assets takes an active but disciplined approach to expanding its portfolio. First, we identify and rigorously evaluate suitable opportunities to operate in stable, well-regulated energy markets around the world with minimal impact on investor risk.

We target enterprises that are appropriately priced and yield steady revenues under government regulation, or whose income is safeguarded by long-term power purchase agreements. Our due diligence process ensures that the technologies, sources of fuel and customer base of potential investments are proven and sustainable. We also undertake climate risk analysis and materiality assessments to identify and prioritise top risks and opportunities, and to develop action plans that mitigate the potential risks or take the opportunities we have identified.

The Group is active in Europe, North America, Asia and Oceania to minimise exposure to the economic cycles of any one single market.

Maintain a strong balance sheet as a foundation for agility

Power Assets believes that a strong balance sheet is the foundation of sustainable growth. Since 2018, we have maintained a long-term issuer credit rating of "A" from Standard and Poor's in recognition of our prudent financial management. This credit rating and our strong cash position give us sufficient financial power to be agile in the pursuit of appropriate expansion opportunities.

Year at a Glance

2024
JANUARY - JUNE

1 HK Electric embarks on a HK$22.0-billion Five-year Development Plan, covering major projects: a new 380-MW gas-fired combined-cycle generating unit (L13), three oil-fired open-cycle generating units with fast start-up capabilities, and a strengthened power grid.

2 NGN in the UK holds the Women's Utility Network networking event to promote inclusive workplaces and more balanced representation in the Energy and Utilities industry. This initiative aligns with UN SDG 5: Gender Equality and its target of ensuring "full and effective participation and equal opportunities for leadership at all levels of decision-making".

3 HK Electric commissions a new 380-MW gas-fired combined-cycle generating unit (L12), increasing gas-fired generation to around 70% of its total output. Two coal-fired units are also retired in the first half of the year, progressing the Company's commitment to totally phase out coal-fired generation by 2035.

4 NGN hosts a face-to-face customer panel at its development centre in Thorpe Park to better understand how best to address customer needs in its 2026-2031 business plan.

5 Mr. Andrew John Hunter is appointed new chairman of the Group, succeeding Mr. Fok Kin Ning, Canning.

6 The Group acquires 20% interest in Phoenix Energy, a leading gas distributor in Northern Ireland.

7 UKPN purchases Powerlink Renewable Assets (formerly known as UU Solar), which owns and operates 70 renewable power-generation assets across the UK, in May 2024.

8 2024 marks the 40th anniversary of Dampier Bunbury Pipeline, the longest natural gas pipeline in Australia with a length of more than 1,500 kilometres and a full haul capacity of 845 TJ/day.

9 Phoenix Energy partners with Radius Housing to trial hybrid heating systems in Northern Ireland, aiming to provide a comfortable and affordable home heating solution that reduces household carbon footprints.

12

13

17

18

2024 JULY - DECEMBER

10 In Australia, SAPN wins the Clean Energy Council's Industry Collaboration Award for its innovative Flexible Exports programme.

11 EDL supplies more local homes and businesses with renewable energy following an expansion of its landfill gas power station at Byron Center, Michigan in the United States.

12 VPN in Australia brings its CitiPower and Powercor asset inspection team in-house, welcoming 50 Asset Inspectors as new employees. To support the team, 57 new vehicles are purchased and fully equipped for the mission.

13 The Group acquires 20% interest in 32 onshore wind farms from Aviva UK Onshore Wind, which is later rebranded UK Renewables Energy.

14 VPN launches CitiPower and Powercor's Draft 2026-2031 Regulatory Proposals with a focus on supporting Australia's energy transition while meeting the rising demand for electricity. The proposals commit to investing A$4.5 billion across VPN's two networks to improve asset utilisation, integrate renewable energy sources and support greener energy practices, all at little-to-no cost increase to customers.

15 At Phoenix Energy's Annual Renewable Gas Conference, over 250 delegates hear from national and international presenters, with a keynote address from Northern Ireland's Executive Department for Economy Minister Conor Murphy. Key themes include biomethane in Northern Ireland and hybrid heating solutions.

16 Wellington Electricity's Evans Bay zone substation begins supplying New Zealand's Wellington eastern suburbs and airport area after replacing its transformer and upgrading the 33-kV sub transmission bus. The substation's 11-kV cables are also reinstated.

17 Australia's UE makes progress on a A$9.5 million asset relocation project for the North East Link, involving the installation of over 6 km of new cables, the retirement of 74 power poles and 3 km of overhead conductors, and the addition of 16 new high and low voltage poles. When completed, the 6.5-km North East Link tunnels from Watsonia to Bulleen will reduce travel times by up to 35 minutes.

18 RPCL in Thailand implements a tree planting project to promote team spirit and environmental awareness among all colleagues in the power plant.

19 Wales & West Utilities in the United Kingdom announces its five-year plan (2026-2031) to enhance gas network sustainability, aiming for a low-cost transition to greener energy and preparing for a full hydrogen rollout.

CEO's Report

In 2024, Power Assets Holdings Limited ("Power Assets") achieved steady growth compared with the year before, while advancing our low-carbon transition journey in our major markets. These efforts align with our Climate Action Plan and commitment to achieve net zero carbon emissions by 2050.

Tsai Chao Chung, Charles
Chief Executive Officer

As a leading global energy company, Power Assets operates in mature regulated markets with relatively low-risk profiles. Our diverse portfolio includes electricity generation, transmission, distribution and energy from waste, as well as gas infrastructure and oil storage facilities. While delivering stable returns for our investors remains a core priority, we are equally committed to creating long-term value for all stakeholders.

In 2024, we made substantial progress in our transition to low-carbon energy. Our distribution networks exceeded their transition targets, accommodating increased intermittent renewable energy and flexible generation. In the gas sector, Northern Gas Networks, Wales & West Utilities and the Australian Gas Infrastructure Group each embarked on hydrogen-related projects.

Despite facing extreme weather events, including heatwaves and extensive flooding in the UK, Australia and Canada, our resilience and adaptability allowed us to quickly recover and resume normal operations.

ESG committees have been established across our major business units.

To prepare for a sustainable future, we made significant acquisitions during the year that will positively impact our energy transition. We acquired a 20% interest in Phoenix Energy in Northern Ireland, which is capable of replacing natural gas with green renewable gases such as bio-methane and hydrogen in their gas distribution networks and a 20% interest in Aviva UK Onshore Wind (renamed UK Renewables Energy Group Limited) with 97 wind turbines in the UK. UKPN acquired Powerlink Renewable Assets with 65 solar, 4 wind and 1 hydro assets.

To achieve steady growth in line with inflation, we will continue to seek suitable investment opportunities in developed countries. We will also invest in new technologies and renewable fuel sources, such as blended hydrogen in our gas pipeline networks, which could be the most economical means of transporting and storing this low-carbon energy. Alongside the Phoenix Energy acquisition, we are expanding the use of hydrogen in our existing networks in the UK and Australia.

With ESG becoming a cornerstone of our operations, we have intensified our efforts and compliance. ESG committees have been established across our major business units, with our board overseeing their strategic direction and performance. These initiatives reflect our steadfast commitment to sustainability and a greener future for all.

EUROPE

UNITED KINGDOM

The UK continues to be the Group's largest and most strategically significant market, with operations spanning electricity generation and distribution, gas distribution, as well as renewables. In 2024, our businesses collectively served over 14 million domestic, commercial and industrial customers, reinforcing our position as a key energy provider in the country.

We welcomed the government's ambitious commitment to expand renewable energy capacity.

Our UK-based companies have consistently delivered strong performance and steady growth, operating in a market characterised by robust regulation and long-term contracts that ensure stability and predictability.

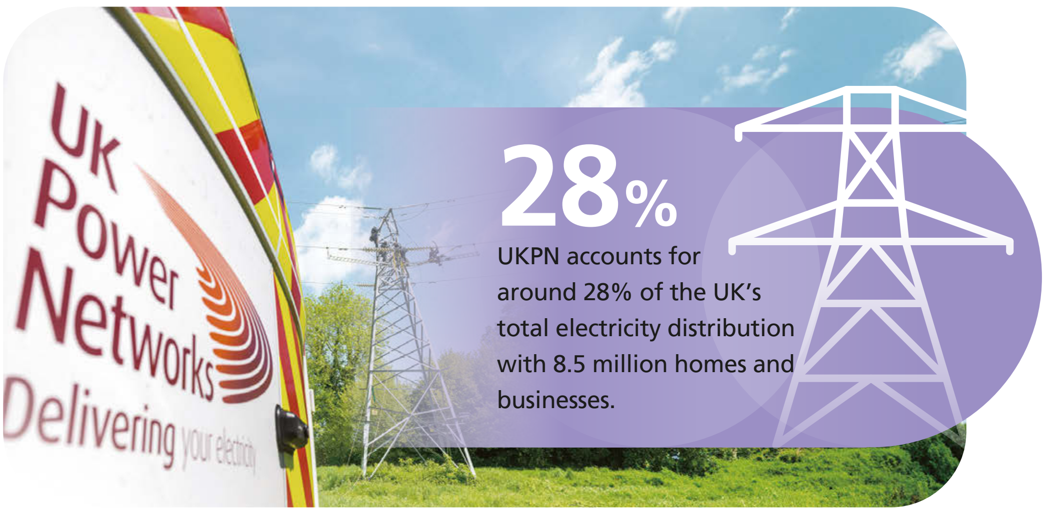
During the year, we welcomed the government's ambitious commitment to expand renewable energy capacity, which aligns closely with the Group's vision for sustainable growth and innovation.

In addition, the government plans to accelerate investment in transmission infrastructure as the current electricity connections queue for new projects exceeds 730 GW, more than seven times the UK's peak demand. Enhancing grid resilience will also be essential for managing the variability of renewable energy and ensuring reliability in an increasingly intermittent energy environment.

UK Power Networks

UK Power Networks (UKPN) is one of the largest electricity distribution network owners in the UK, covering an area of over 29,000 km². It accounts for around 28% of the UK's total electricity distribution with 8.5 million homes and businesses. UKPN also operates private electricity networks for major airports and railways, which together with its public network cover a total length of 191,500 km.

UKPN performed exceptionally well in 2024, building on its operational and financial achievements from 2023, the final year of the RIIO-ED1 price control period. Under the new RIIO-ED2 framework, which began on 1 April 2023, UKPN has set ambitious environmental targets for the next five years, aligning its goals with the UK's commitment to achieving net-zero carbon emissions.



Contributing to the UK's net-zero carbon target is at the heart of UKPN's strategy. Through its initiatives, the company is helping to ensure that sufficient electrical network capacity is available for low-carbon technologies such as electric vehicles, heat pumps and solar power.

The UK regulator, Ofgem, recognised UKPN as the leading DSO in the UK.

In April 2023, UKPN established an independent Distribution System Operator (DSO) to advance the net-zero goals of its customers. By offering cost-effective smart technology solutions and maximising existing infrastructure, it avoids defaulting to new infrastructure investments. Instead, it explores flexible solutions to meet growing demand by having customers, businesses or third parties adjust their electricity demand or supply in response to the needs of the grid. This helps UKPN manage the network more efficiently and cost effectively as it precludes the need to build expensive new infrastructure, maintains grid stability, and offers environmental benefits by integrating renewable energy into the grid.

As a result of this approach, UKPN was able to realise £91 million in customer benefits during RIIO-ED2's first year through deferred distribution network investments. In total, UKPN awarded over 1.5 GW of flexibility contracts during the year, including 14 new partners, while dispatching 7.8 GWh of flexibility – a sevenfold increase from the year before.

A working team on a site inspection tour in Wimbledon, Southwest London.

A UKPN representative delivers a presentation on Wimbledon 132-kV cable installation works during a site visit.

UKPN also remained the lowest-cost Distribution Network Operator (DNO) in the UK, with 2024's average monthly charge of £7.35 being 22% below the industry average.

The UK regulator, The Office of Gas and Electricity Markets (Ofgem), recognised UKPN as the leading DSO in the UK based on customer satisfaction and feedback from a panel of industry experts. The company's reputation for outstanding customer service is reflected in the following accolades:

- Top-ranked utility company by the Institute of Customer Service
- Number 1 in Ofgem's Broad Measure of Customer Service, excelling in power cuts, connections, and enquiries
- UtilityWeek Awards 2024, Customer Experience 'Utility of the Year' award
- 4.8 out of 5 Trustpilot rating across over 7,000 customer reviews

UKPN's networks delivered an outstanding 99.99% reliability performance in 2023/24. Its London Power Network remains the UK's most reliable network, consistently outperforming targets for both Customer Interruptions and Customer Minutes Lost. UKPN is further enhancing its operations with additional investments to increase reliability.

UKPN has been at the forefront of innovation, securing significant funding through Ofgem's Strategic Innovation Fund for projects that address critical energy challenges. These include a Smart Heat & Intelligent Energy project, supporting low-income districts with advanced energy solutions; Heatropolis, an integrated thermal storage and smart controls system; and the CReDo+ Climate Resilience Demonstrator, which uses advanced modelling to predict extreme weather risks.

UKPN's strong performance in 2024 has consolidated its leadership in the UK. By adopting low-carbon technologies, investing in innovative strategies and excelling in customer satisfaction, UKPN is well-positioned to continue driving the UK's energy transition to net-zero.

An NGN engineer speaks to a resident living near a site of the gas mains replacement project in Halifax, West Yorkshire.

Northern Gas Networks

Northern Gas Networks (NGN) operates the gas distribution network serving the North of England, one of eight such networks across the UK, and delivers gas to 2.9 million customers through its 37,000 km of pipelines.

NGN replaced over 500 km of outdated iron mains, with the aim of reducing gas leakages and carbon emissions.

During the year, NGN achieved a throughput of 58,689 GWh (2023: 57,154 GWh), with consistently high customer satisfaction. Customers rated NGN 9.23 out of 10 in Ofgem surveys covering planned work, repairs and new connections. The company met or exceeded all mandatory operational targets and license standards of service for the year.

Capital investments totalled £209 million, focusing on network improvements, asset replacement and IT infrastructure. As part of these improvements, NGN replaced over 500 km of outdated iron mains, with the aim of reducing gas leakages and carbon emissions. Operational excellence continued into the regulatory year ending March 2025, maintaining the high standards set in previous periods.

Harnessing the Sun, Harvesting the Wind

In May 2024, UKPN made a strategic investment to acquire Powerlink Renewable Assets. This acquisition encompasses 70 solar, wind and hydro energy plants supported by long-term power purchase agreements.

The portfolio includes 65 solar assets, 4 wind farms, and 1 hydro plant with a combined installed capacity of 68.7 MW. The green electricity produced is sold under a long-term agreement to United Utilities Water, to help the customer achieve its ambitious net-zero carbon goals.

Wales & West Utilities

Wales & West Utilities (WWU) is the gas distribution network operator for Wales and South West England, with 2.6 million customers. It is one of eight regulated gas distribution networks and covers 17% (one sixth) of the country, comprising 42,000 km^2 of a diverse mix of urban and rural geography.

A WWU gas engineer explains how a carbon monoxide alarm works during a home safety check for customers.

WWU operates a gas network that provides safe and reliable gas delivery to 7.5 million people, heating over 80% of the homes in its service areas. In recent years, the company has been investing in Smart Pressure Controls that allow more homes to be heated with biomethane. By late 2023, the company had connected 21 biomethane production sites, allowing this low carbon gas to be distributed to the equivalent of almost 200,000 homes.

"Good to go!" says a WWU technician after the successful trial of a hydrogen fuel cell-powered vehicle (FCEV).

WWU is contributing to the development of a regional vision for hydrogen in a distributed energy system.

WWU is developing its long term vision, building on the foundation of its sustainability strategy to support energy system decarbonisation in Wales and Southwest England, while reducing its environmental impacts. Initiatives included preparing the network for hydrogen integration in areas suitable for conversion to low-carbon hydrogen and investing in R&D to explore future technologies and solutions.

As a founding member of Hydrogen South West (HSW), WWU is contributing to the development of a regional vision for hydrogen in a distributed energy system. Leading HSW's infrastructure group, the company works with partners to map the infrastructure required to support hydrogen integration and define the role of the network in this transition, alongside similar partnerships in Wales.

In 2024, SPL operated above its budgeted load factor.

Seabank Power

Seabank Power (SPL), the Group's UK gas generation business, operates two gas-fired combined-cycle units with a capacity of 1,149 MW. Its output is governed by a multi-year Power Purchase Agreement under a long-term contract with a single customer.

Operationally, SPL exceeded or met budgeted targets for availability, efficiency and starting performance.

SPL fully complied with Environment Agency regulations and its ISO 14001-certified environmental management system during the year. Moreover, there were no reportable environmental incidents, reflecting the company's commitment to sustainability and operational excellence.

UK Renewables Energy

In September 2024, the Group acquired a 20% interest in Aviva UK Onshore Wind, now known as UK Renewables Energy Group Limited. The acquisition was made together with CK Infrastructure Holdings Limited and CK Asset Holdings Limited to broaden the renewable energy portfolio.

The portfolio includes 32 wind farms located in England, Scotland and Wales, with a total installed capacity of 175 MW and a net attributable capacity of 137 MW. Income from the portfolio is generated from inflation-linked government subsidies and power revenue, including power purchase agreements (PPAs) and sales to the general market.

UK Renewables Energy's Den Brook Wind Farm, an onshore wind energy project in Devon, England, has a total installed capacity of 18 MW.

Phoenix Energy

Phoenix Energy, in which Power Assets has a 20% interest, is the largest of the three gas distribution networks in Northern Ireland, where it accounts for around 77% of all gas connections. It is regulated by the Utility Regulator in Northern Ireland, with a price control framework similar to Ofgem's in Great Britain, providing high certainty in future revenue.

An engineer from Phoenix Energy checks a customer's gas metre.

Since acquisition, Phoenix Energy transported 2,344 GWh of natural gas through its distribution network, serving 261,000 gas consumers on behalf of six active gas suppliers. Of this volume, approximately 1,184 GWh, or 51%, was used by domestic consumers primarily for home heating, while the remaining 1,160 GWh, or 49%, was consumed by the industrial and commercial sectors.

Phoenix Energy's network plays a vital role in supporting Northern Ireland's energy transition plans both in the near and long term. One of the ways it has been achieving this transition is by replacing customers' outdated oil boilers with modern natural gas systems that immediately reduces carbon emissions. Currently, fuel oil accounts for approximately 57% of Northern Ireland's energy demand, while natural gas accounts for 37%.

Phoenix Energy's network plays a vital role in supporting Northern Ireland's energy transition plans.

The network is also well-positioned for the transition to green renewable gas. With 99.9% of its pipeline system made from polyethylene, it is capable of transporting both biomethane and hydrogen. This allows Phoenix Energy to leverage Northern Ireland's substantial agricultural resources and abundant wind energy potential to support a low-carbon future.

EUROPE
NETHERLANDS

Dutch Enviro Energy Holdings B.V.

Dutch Enviro Energy Holdings B.V., the parent company of AVR-Afvalverwerking B.V. (AVR), is a leading energy-from-waste producer in the Netherlands. AVR processes biomass, industrial wastewater, municipal solid waste, commercial waste and hazardous waste, handling nearly a quarter of the country's total residual waste incineration. Using these materials, AVR generates electricity, steam and heat to supply industrial and municipal customers.

In 2024, AVR processed 881 kT of residual waste, producing 3,363 TJ of renewable energy, including 110 GWh of electricity.

On 21 September 2023, a fire damaged AVR's energy-from-waste plant in Rozenburg, disrupting energy supply. Reconstruction was in the final stages by year end, with a partial restart planned, and all of the seven processing lines were recommissioned by the beginning of 2025. The restoration programme progressed well and will be completed in the coming year with the installation of new turbines.

AVR obtained a subsidy to build a large-scale CO_2 capture plant at Rozenburg, capable of capturing 482,000 tonnes annually. Half of the plant's output will support nearby greenhouse horticulture via Dutch company OCAP (Organic CO_2 for Assimilation by Plants), while the other half will be stored under the North Sea in Aramis' infrastructure.

482,000 tonnes

AVR obtained a subsidy to build a large-scale CO_2 capture plant at Rozenburg, capable of capturing 482,000 tonnes annually.

OCEANIA
AUSTRALIA

Since 2000, Australia has become one of the Group's largest markets, serving approximately 5 million households and businesses. Our portfolio includes transmission and distribution of electricity and gas, renewables & hybrids, energy from landfill gas and waste coal mine gas.

Australia remains a flagship market for advancing solar power, hybrid energy systems and landfill gas-to-energy projects, solidifying its leadership in renewables and decarbonisation.

70%

Renewable energy, primarily from wind and solar, now accounts for over 70% of South Australia's annual electricity generation.

SA Power Networks

SA Power Networks (SAPN) is the electricity distributor for the state of South Australia. In 2024, SAPN served 927,000 residential and business customers and managed about 90,700 km of electricity distribution networks.

During the year, SAPN distributed 9,679 GWh of electricity (2023: 9,769 GWh) and connected over 370 MW of renewable energy to the grid. Reliability, customer satisfaction and other metrics met regulatory targets.

South Australia is a global leader in solar energy adoption, with nearly 40% of all residential households in the state using rooftop solar – one of the highest rates worldwide. At times, rooftop solar alone generates over 100% of the state's electricity demand, with surplus exported to the grid. Combined with utility-scale solar systems, South Australia has achieved a world-first in gigawatt-scale renewable energy generation. Renewable energy, primarily from wind and solar, now accounts for over 70% of the state's annual electricity generation.

South Australia is a global leader in solar energy adoption, with nearly 40% of all residential households in the state using rooftop solar.

In support of South Australia's target of 100% net renewables by 2030, we have set a goal to double the amount of solar capacity in our network by 2025 and are working closely with the distributed energy transition industry to integrate higher levels of solar, batteries and other related technologies with the grid.

While this rapid energy transition poses challenges for the network, it also unlocks significant opportunities for customers, communities and industries to benefit from abundant, reliable, low-cost and zero-carbon energy. SAPN has developed comprehensive strategies to support and adapt to this transformation.

In December 2024, SAPN submitted its revised 2025-2030 Regulatory Proposal to the Australian Energy Regulator (AER), including a 18.5% increase in capital expenditure to A$2.3 billion to maintain network reliability, ensure community safety, meet growing demand, and enable a more distributed energy future. The AER's final decision is expected in April 2025.

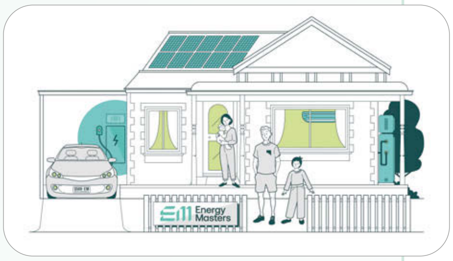
In May 2024, SAPN issued A$245 million of 3-year bonds and A$250 million of 8.5-year bonds, with a total order book of over A$1.8 billion. SAPN became the first Australian electricity distribution network to have the Climate Bonds Initiative Electrical Grids and Storage certification. The bond not only confirms the company's leadership in sustainable financing but also South Australia's world-leading position in renewable energy.

The 2024 Environmental Management Plan highlights key programmes addressing environmental obligations and risks, positioning SAPN as a leader in energy sector environmental management. Sustainability reporting adheres to global ESG standards, including TCFD and GRI guidelines, with a focus on material issues.

An SAPN crew working in the Fleurier Peninsula, South Australia, where the company is carrying out the A$15.5 million Southern Outer Metro (SOM) Upgrade Project to enhance the reliability and capacity of its electricity network.

Smart Solutions for Home Energy Management: The Energy Masters Project

Just under half of South Australian households now have solar panels installed, mostly on rooftops. This is a promising trend as energy flow through the state's distribution network is expected to double by 2050 due to the uptake of electric vehicles and other appliances.



To capitalise on this opportunity, SAPN is spearheading the Energy Masters Project, a pilot involving 500 households trialling demand-side flexibility and smart home energy management systems. The initiative aims to optimise energy use by aligning it with network availability, market signals and customer preferences.

The Australian Government has committed A$6.2 million through the Australian Renewable Energy Agency towards the A$13.8 million Energy Masters Project. The remainder of the funding is being delivered through project partners, including the Government of South Australia, as well as industry partners across retail, technology and research. Its implementation will showcase the benefits of demand flexibility, smart appliances and energy management systems in creating more efficient and sustainable homes.

Under the project, participating households will receive appliance subsidies, simple retail offers and access to smart energy management systems to optimise their use of solar panels, batteries, EV chargers, heat pump hot water systems and air-conditioning units. In return, households will participate in research that will demonstrate a simple, reliable and cost-efficient way for households to become masters of their own energy use. The project will also strengthen South Australia's position at the front of the global energy transition.

Victoria Power Networks

Through CitiPower and Powercor Australia, Victoria Power Networks (VPN) distributes electricity in the state of Victoria, Australia. VPN manages a total of 82,300 km of networks and serves nearly 1.3 million customers.

Powercor is advancing phase two of the Ballarat Network Upgrade, tripling the power capacity of Ballarat Base Hospital. The project will also support the local network to connect more rooftop solar and electric vehicles.

In 2024, VPN distributed 16,633 GWh of electricity (2023: 16,391 GWh), supported by ongoing customer growth with 23,347 new connections. Greenhouse gas emissions were reduced to 0.800 MT CO_2e, representing a 33% reduction from a 2019 baseline. Consumption was above budget by 2% due to higher demand from small and large commercial customers of CitiPower and Powercor.

CitiPower began upgrading Melbourne's underground power network to meet the city's growing demand.

During the year, VPN launched CitiPower and Powercor's Draft 2026-2031 Regulatory Proposals, which are designed to support the energy transition and adapt to evolving customer needs. Engaging over 16,780 customers, VPN has proposed A$4.5 billion in investments across both networks to enhance asset utilisation, integrate renewable energy and support customers' electrification choices, all while maintaining reliability, and with minimal impact on residential bills. Key sustainability allowances include increased renewable energy integration, greater resilience against bushfires, and cost-effective solutions in support of VPN's net-zero carbon targets.

The Essential Services Commission approved Powercor's transmission licence, enabling faster, lower-cost connections for large-scale renewable projects and data centres within its distribution footprint. Powercor will focus on terminal station infrastructure rather than building extensive new transmission corridors.

CitiPower began upgrading Melbourne's underground power network to meet the city's growing demand, driven by population growth, electrification and EV adoption. Initial works included the remediation of the Little Queen tunnel, a precursor to upgrading the Little Queen Zone Substation where demand is projected to grow from 470 MW to over 700 MW.

Beon Energy, a subsidiary of VPN specialising in providing engineering, procurement and construction solutions for renewable assets, secured three major contracts, solidifying its pipeline for 2024-2025. These included a 563 MWh Battery Energy Storage System (BESS) for RWE Renewables Australia, a 98 MWp solar farm and 40 MWh BESS hybrid facility plus collector station for Enel Green Power, as well as a 376 MWp solar farm for Iberdrola Australia.

Australian Gas Networks

Australian Gas Networks (AGN) supplies natural gas to more than 1.4 million customers across Victoria, South Australia, Queensland, New South Wales and the Northern Territory, through a distribution network spanning approximately 28,100 km.

Total gas deliveries in 2024 were lower than the equivalent period in 2023 by 6% (86 million GJ compared to 91.6 million GJ), largely due to lower volumes in the residential and industrial sectors.

Turning Water into Green Energy: Hydrogen Park Murray Valley Project

Hydrogen is often championed as a clean source of renewable energy, but only when it is produced from renewable sources.

In Victoria, Australia, the A$65 million Hydrogen Park Murray Valley project will utilise 100% renewable electricity to produce clean hydrogen. Once completed, this project will be among Australia's largest renewable hydrogen ventures.

Connected to AGN's existing gas distribution network in Albury Wodonga, the project will seek GreenPower accreditation for the hydrogen produced to generate Renewable Gas Guarantee of Origin (RGGO) certificates. In an Australian-first, Mars Petcare has voluntarily committed to purchase any RGGOs produced from Hydrogen Park Murray Valley – demonstrating how hydrogen could support industrial projects to decarbonise.

Ground was broken at the site of the 10-MW alkaline electrolyser in October 2024. The project is expected to be completed by the end of 2025, marking a significant step forward in Australia's clean energy transition.

Major projects during the year included the continued expansion of the network in Caboolture, Queensland, which is now in its second stage. A new gate station was commissioned in Gladstone, Queensland. This facility, in partnership with HyP Gladstone, will allow for a 10% hydrogen blend by volume to be introduced into the Gladstone network. Two new gate stations were initiated in Gawler (South Australia) and Wollert North (Victoria) to facilitate organic growth in each network.

In South Australia, the Mains Replacement Programme proceeded on schedule with 161.5 km of mains replaced by year end. The focus of this programme is to replace most of the existing low-pressure cast iron and unprotected steel pipelines with polyethylene pipes. This will help reduce fugitive methane emissions, decrease gas leaks, lower maintenance costs and minimise gas supply interruptions. The programme is scheduled for completion by mid-2026. Across all its networks, AGN replaced 189 km of older mains with modern materials in 2024.

A commitment to construct projects that deliver infrastructure essential to a sustainable energy future was formally introduced on 1 January 2025, under a new vision by AGN.

Hydrogen Park Gladstone, AGN's renewable hydrogen production facility in Queensland, Australia, is helping to decarbonise the company's gas supply with an electrolyser that uses water and certified renewable electricity.

CK William (Australia)

CK William (Australia) owns and operates four energy companies engaged in the business of distributing electricity and gas and producing sustainable distributed energy. The four companies include Dampier Bunbury Pipeline and AGI Development Group (collectively known as "DBP"), Multinet Gas (MGN), one of Victoria's three gas distribution networks, and United Energy (UE), an electricity distribution business in Victoria. Another company, Energy Developments Pty Ltd (EDL), is a global generation company specialising in energy from sustainable sources such as wind, solar, landfill, coal mine gas and more.

UE distributed 7,507 GWh (2023: 7,457 GWh) of electricity during the year, driven by higher residential demand. The network also experienced customer growth, with 9,183 new customer connections during this period. In May, the Australian Renewable Energy Agency awarded a A$3.54 million grant for UE's Flexible Services trial project. This initiative explores solutions to manage two-way electricity flows from distributed energy resources, such as rooftop solar. Two trials focusing on the capabilities of Low Voltage Distributed Energy Resource Management Systems will be completed to facilitate scalable, flexible connections. Recruitment for the Flexible Exports trial began in August, targeting 100 participants.

To prepare for an increased electricity demand over the summer period, United Energy upgraded 16 distribution substations to support over 2,000 customers in southeast Melbourne and the Mornington Peninsula.

EDL's Agnew Hybrid Renewable Microgrid facility generates electricity from solar and wind for the Goldfields mine in Western Australia.

DBP achieved an average gas throughput of 1,142 TJ/day in 2024 (2023: 1,115 TJ/day). Compressor stations recorded 99.84% reliability, surpassing the target of 99%. Asset utilisation reached 81.88%, exceeding expectations. Total gas deliveries by MGN were lower than the previous year by 5%. This decline was primarily due to reduced residential consumption, generally driven by warmer-than-average weather in August and September.

Australia is EDL's largest operational market with 78% of the company's total installed capacity of 978 MW. EDL's global generation output was lower in 2024 by 68 GWh, due mainly to the conversion of Limestone and Lorain power station to renewable natural gas production in the US. Consequently, gas production was 1.3 million GJ higher in 2024.

OCEANIA
NEW ZEALAND

Wellington Electricity

Wellington Electricity Lines Limited (WELL) serves over 177,000 domestic, commercial and industrial customers in the Wellington region of New Zealand. Among its customers are the New Zealand Parliament, Wellington Airport and the Wellington hospital. In November 2024, the government introduced a new regulatory period that will set revenue limit starting in April 2025.

In 2024, WELL delivered approximately 2,294 GWh of electricity (2023: 2,317 GWh) through its 4,900-km network. During New Zealand's winter energy shortage – caused by low hydro lake levels and reduced gas supply – WELL was prepared to help the System Operator meet demand if requested. Fortunately, this assistance was not required.

To reduce carbon emissions, WELL transitioned its vehicle fleet to fully electric models.

Despite some seasonal storm activity in early spring, WELL's network reliability remained aligned with targeted performance requirements. Planned maintenance and renewal projects continued, ensuring safe and reliable operations, with associated planned outages remaining within annual targets.

In its efforts to reduce carbon emissions, WELL transitioned its vehicle fleet to fully electric models during the year, phasing out a mix of electric and hybrid vehicles. The company also maintained significant investment in its network, allocating an estimated NZ$16 million to maintenance and NZ$69 million to capital expenditure for the year.

Progress is ongoing at the Evans Bay zone substation, which supplies the Wellington eastern suburbs and airport area. The 33-kV transformer replacement and sub-transmission bus upgrade has been electrically commissioned, with final work on the 11-kV cable reinstatement concluded in November 2024.

One of the latest EVs added to WELL's fleet in New Zealand, which is now fully electric.

ASIA
HONG KONG

HK Electric

Since 1890, HK Electric has been supplying electricity on Hong Kong Island and Lamma Island. With more than 7,000 km of cables and generation infrastructure across the two islands, HK Electric is the Group's flagship company and a key part of Hong Kong's infrastructure.

In 2024, we sold 10,150 GWh (2023: 10,040 GWh) of electricity to a total of 593,000 customers on Hong Kong Island and Lamma Island. This slight increase was mainly due to stabilising economic activity, warmer weather and an additional leap day in February.

We are deeply committed to a sustainability-first mindset.

As a result of the stabilisation of global fuel prices, we were able to deliver a 44% year-on-year reduction in the Fuel Clause Charge in 2024. The Net Tariff in January 2024 was HK165.5 cents per unit, representing a decrease of 16% from the previous year.

We are deeply committed to a sustainability-first mindset and strive not only to reduce our own environmental footprint but also that of the community. In support of the Government's pledge to halve carbon emissions by 2035 and achieve carbon neutrality before 2050, we are in the midst of a phased energy transition. In our 2024-2028 Development Plan, we are focusing on efforts to reduce emissions, ensure reliability and enhance resilience.

99.9999%

In 2024, proactive network maintenance and management enabled HK Electric to achieve a reliability rating of over 99.9999%.

To meet stringent regulatory caps, we have put in place the latest emissions control technologies. These include selective catalytic reduction systems for controlling nitrogen oxide (NOx) emissions from gas-fired units, as well as flue gas desulphurisation plants, low NOx burner systems, and electrostatic precipitators for coal-fired units. Our 2024 emissions of surphur dioxide, NOx and respirable suspended particulates from generation were well within statutory caps.

Reliability is contingent on a strong, well-maintained transmission and distribution network. In 2024, proactive network maintenance and management enabled us to achieve a reliability rating of over 99.9999%. To maintain this level of reliability, we are undertaking a multi-year improvement project at the North Point 132-kV Switching Station. Replacing our cables, including weak 11-kV cables, deloading heavily loaded cables, and expanding the mobile battery energy storage system were also underway.

To promote energy efficiency and conservation, we offer subsidies and support under our Smart Power Energy Audit and Smart Power Building Fund.

A drill at HK Electric, conducted with updated contingency plans and detailed guidelines, ensures staff are well prepared to handle any emergency.

To ensure our facilities are resilient against extreme weather, we have strengthened our infrastructure and enhanced staff training to handle emergency weather situations.

Maintaining resilience against extreme weather

Extreme weather events are becoming increasingly common in Hong Kong, including record-breaking rainfalls and more severe tropical cyclones such as the one that struck the city in September 2023.

Our network primarily uses underground cables that are generally safe during extreme weather, but many of our coastal substations have been impacted by flooding. To protect our more than 760 substations in areas vulnerable to flooding, we have erected flood walls, gates or barriers at entrances and ventilation inlets, along with automatic water pumps.

For our new gas-fired generating units on Lamma Island (L12 and the upcoming L13), we have built foundations to a +7.0 metres above Principal Datum, which is about 6 metres higher than the normal sea level, to ensure these units can withstand even the highest forecast levels of seawater rise. Breakwaters and flood walls of about two metres high are also being constructed at key locations.

Equally important, we have updated our contingency plans and provided detailed guidelines covering power generation, transmission and distribution, and emergency customer support services. We are also training our staff and conducting regular drills to ensure we are well prepared and capable of handling emergency situations.

ASIA
MAINLAND CHINA

Our assets in Mainland China consist of one coal-fired power plant in Jinwan (Guangdong province) and two wind farms in Dali (Yunnan province) and Laoting (Hebei province).

Stable coal prices benefitted the sector after pricing and supply reform in the upstream coal market.

At Jinwan Power Plant in Mainland China, equipment reliability is enhanced to increase heat supply.

Jinwan Power Plant

The Jinwan co-generation power plant operates two coal-fired heat and power generating units with a total capacity of 1,200 MW in Guangdong Province.

In 2024, Jinwan sold 5,590 million kWh of power, reflecting a 11% decline from the previous year due to an increased availability of renewable energy, a surge in hydropower supply from western China, and weak market demand. However, heat sales rose by 11% to 4.4 million GJ compared to 2023.

Jinwan plans to increase revenue and cut costs by leveraging the existing electricity pricing mechanism to raise tariffs, improving equipment reliability to enhance heat supply, and optimising its battery storage system to generate additional income from frequency regulation services.

Dali & Laoting Wind Farms

The Dali and Laoting wind farms have a combined capacity of 97.5 MW.

Dali Wind Farm operates 64 stall-controlled 750-kW wind turbines, while Laoting Wind Farm runs 33 double-fed induction wind turbines at 1.5 MW each.

The renewable power generated by Dali Wind Power Plant's 64 750-kW wind turbines help reduce carbon emissions in Yunnan province.

Overall power generation was down 20% year-on-year. Laoting's operation came to a halt in June due to re-powering, even though stronger wind speeds were recorded in the first and third quarters of 2024. All power output was competitively bid in the local market. Both wind farms achieved their operational and safety targets, generating renewable power that avoided approximately 88,000 tonnes of carbon emissions.

ASIA
THAILAND

Ratchaburi Power Company

Ratchaburi Power Company (RPCL) is a 1,400-MW generation company located in the Ratchaburi province of Thailand. Its revenues are secured by a 25-year take-or-pay Power Purchase Agreement with Thailand's Electricity Generating Authority.

RPCL performed in line with its budget, slightly surpassing the original model. Total net electricity generated for 2024 was 141 GWh (2023: 608 GWh).

Its two gas-fired generating units achieved 8,169 and 7,809 available hours respectively, slightly exceeding the production plan.

RPCL technicians remove the cartridge on a boiler feed pump for enhanced reliability.

NORTH AMERICA
CANADA

Canada's Net-Zero Emissions Accountability Act was established to support the country's 2050 net-zero commitment, with mandates to reduce emissions and report progress across successive governments.

In the transition to renewables, the industry is adding new capacity and retiring major coal and nuclear facilities, while relying on natural gas as a transitional energy source. However, demand for natural gas is projected to drop significantly by 2050 due to renewable growth and energy efficiency improvements.

As federal policies target full decarbonisation of electricity grids by 2035, industry leaders emphasise the importance of consistent, long-term policies to sustain green energy investment and meet climate goals.

Canadian Power Holdings

Canadian Power Holdings (Canadian Power) owns a portfolio of power plants and wind farms with a total capacity of 1,314 MW. It serves nine customers, including four for electricity, three for heating, and two for power and steam.

In 2024, the Sheerness, Fort Saskatchewan, Ottawa, Windsor, and Meridian plants produced a total of 2,729 GWh of electricity (2023: 3,524 GWh). The two wind farms operated by Okanagan Wind delivered 86.2 GWh of green electricity, avoiding 853 tonnes of carbon emissions. The company continued to strengthen its sustainability efforts in alignment with the recommendations of the environmental, social and governance committee ahead of evolving carbon emission regulations and government policies.

853 tonnes

The two wind farms operated by Okanagan Wind delivered 86.2 GWh of green electricity, avoiding 853 tonnes of carbon emissions.

The Meridian plant continued to provide reliable service to its electricity and thermal energy customers after completing its first gas turbine rotor replacement the year before. A second gas turbine rotor replacement was brought on stream in 2024, and the company successfully renewed agreements in line with its mission to provide reliable and cost-effective electricity for the economic hub in Northwest Saskatchewan.

Husky Midstream Limited Partnership

Husky Midstream Limited Partnership (Husky Midstream) operates approximately 2,300 km of crude oil-gathering systems and pipelines in Alberta and Saskatchewan. Its crude oil pipelines have a capacity of approximately 409,000 barrels per day. Additional systems support synthetic crude and condensate transportation. Husky Midstream also operates storage terminals in Lloydminster and Hardisty for blending and distribution to third-party export pipelines. These terminals have a storage capacity of approximately 5.9 million barrels. Husky Midstream serves a total of 67 customers within its system.

An employee at Husky Midstream's oil storage terminal at Hardisty, Alberta, which has a total storage capacity of around 4.9 million barrels.

In 2024, Husky Midstream continued to operate its pipeline and terminal assets in east-central Alberta and west-central Saskatchewan, as well as its gas infrastructure assets in Alberta safely and reliably, achieving satisfactory returns.

Husky Midstream is committed to minimising its environmental impact and improving safety and sustainability.

While there were no significant growth capital expenditures planned for 2024, strong market activity is paving the way for future development opportunities. The focus has been on safe, reliable operations and system optimisation to accommodate increased activity levels.

The North American crude oil market performed well, with high and stable prices throughout 2024, resulting in increased production and throughput volumes trending ahead of budget and the previous year.

Husky Midstream is committed to minimising its environmental impact and improving safety and sustainability, with guidance from the Safety and Sustainability Committee of the board.

The year 2024 was very successful for health, safety and environmental performance. By year end, there were zero reportable hydrocarbon releases, zero recordable injuries, zero Tier 1 or Tier 2 process safety events, and zero potential significant incident or fatality events (PSIFs).

Board of Directors and Management Team

Board of Directors

Executive Directors

Andrew John HUNTER
Chairman

Aged 66. Appointed to the Board in 1999 and became the Chairman in April 2024. Prior to his appointment to the Board of the Company, Mr. Hunter was Finance Director of the Hutchison Property Group. Mr. Hunter was Group Finance Director from January 1999 to January 2006, and is a Director of certain joint ventures of the Company. Mr. Hunter is currently an Executive Director of CK Hutchison Holdings Limited ("CK Hutchison") and Deputy Managing Director of CK Infrastructure Holdings Limited ("CKI"). The companies mentioned above are listed companies. Mr. Hunter acts as 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. Mr. Hunter holds a Master of Arts degree and a Master's degree in Business Administration and is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He has over 42 years of experience in accounting and financial management.

TSAI Chao Chung, Charles
Chief Executive Officer

Aged 67. Appointed to the Board and Chief Executive Officer in January 2014. He has been with the Group since June 1987. Mr. Tsai is the General Manager of Power Assets Investments Limited, a wholly-owned subsidiary of the Company. He is also a Director or Alternate Director of most of the subsidiaries and certain joint ventures of the Company. Mr. Tsai has been responsible for the Group's investments outside Hong Kong since 1997. He holds a Bachelor of Applied Science Degree in Mechanical Engineering, and is a Registered Professional Engineer and a Chartered Engineer.

CHAN Loi Shun

Aged 62. Appointed to the Board in June 2012. Mr. Chan is a Director of most of the subsidiaries and certain joint ventures of the Company. He is also an Executive Director of HK Electric Investments Manager Limited ("HKEIML") which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited ("HKEIL"), and a Director of The Hongkong Electric Company, Limited ("HK Electric") which is a wholly-owned subsidiary of HKEIL. Mr. Chan is an Executive Director and Chief Financial Officer of CKI, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan joined the CK Group in January 1992. All the companies mentioned above, except HKEIML and HK Electric, are listed companies, and HKEI is a listed investment trust. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the HKICPA, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHENG Cho Ying, Francis

Aged 68. Appointed to the Board in July 2023. Mr. Cheng is a Director of most of the subsidiaries of the Company. He is also the Chief Executive Officer and an Executive Director of HKEIL, a company listed together with HKEI, an Executive Director of HKEIML which is the trustee-manager of HKEI and the Managing Director of HK Electric. He has worked for HK Electric since 1979, and has over 40 years of experience in the power business, in particular the electricity business. He holds a Bachelor's degree in Chemistry and is a Fellow of the Royal Society of Chemistry in the United Kingdom, and a Fellow of The Hong Kong Institution of Engineers ("HKIE").

Non-executive Directors

LEUNG Hong Shun, Alexander

Aged 62. Appointed to the Board in May 2021. Mr. Leung is a practicing solicitor and notary public in Hong Kong and a China-Appointed Attesting Officer appointed by the Ministry of Justice of the People's Republic of China. He is presently a partner of Messrs. S.H. Leung & Co., Solicitors. Mr. Leung holds a Bachelor of Laws degree.

LI Tzar Kuoi, Victor

Aged 60. Appointed to the Board in 1994 and re-designated from an Executive Director to a Non-executive Director in January 2014. He is also a Director of a joint venture of the Company. He is the Chairman and Executive Director of CK Hutchison, the Chairman and Managing Director, and the Chairman of the Executive Committee of CK Asset Holdings Limited ("CKA"), and the Chairman of CKI and CK Life Sciences Int'l., (Holdings) Inc. Mr. Li is also a Non-executive Director of HKEIML which is the trustee-manager of HKEI, a Non-executive Director and the Deputy Chairman of HKEIL and a Director of HK Electric. All the companies mentioned above, except HKEIML and HK Electric, are listed companies, and HKEI is a listed investment trust. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. He is also Vice Chairman of the Hong Kong General Chamber of Commerce (the "Chamber"). Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He acts as 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. Mr. Li 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.).

Neil Douglas MCGEE

Aged 73. Appointed to the Board in 2005 as an Executive Director, re-designated as a Non-executive Director in August 2012 and as an Executive Director in January 2014, and further re-designated as a Non-executive Director in March 2025. He was Group Finance Director from February 2006 to August 2012. Mr. McGee has held various legal, corporate secretarial, finance and management positions with the Group and the CK Hutchison Group. He is also a Director or Alternate Director of certain joint ventures of the Company. Mr. McGee holds a Bachelor of Arts degree and a Bachelor of Laws degree.

Independent Non-executive Directors

Stephen Edward BRADLEY

Aged 66. Appointed to the Board in May 2022. Mr. Bradley is an Independent Non-executive Director of CKA and an Independent Director of Cenovus Energy Inc., both listed companies. He was previously a Director of CNEX (Shanghai CFETS-NEX International Money Broking Co., Ltd.) and Senior Advisor to CME Group. Mr. Bradley entered the British Diplomatic Service in 1981 and retired from the British Diplomatic Service in 2009, having served in various capacities including Director of Trade & Investment Promotion (Paris) from 1999 to 2002; Minister, Deputy Head of Mission & Consul-General (Beijing) from 2002 to 2003; and HM Consul-General (Hong Kong) from 2003 to 2008. He also worked in the private sector as Marketing Director, Guinness Peat Aviation (Asia) and Associate Director, Lloyd George Management (a part of BMO Global Asset Management). Mr. Bradley holds a Bachelor of Arts degree from Balliol College, University of Oxford, England and a post-graduate diploma from Fudan University, Shanghai.

IP Yuk-keung, Albert

Aged 72. Appointed to the Board in January 2014. Mr. Ip is an international banking and real estate professional with over 30 years of banking experience in United States, Asia and Hong Kong. He was formerly Managing Director of Citigroup and Managing Director of Investments at Merrill Lynch (Asia Pacific). Mr. Ip is Adjunct Professor of and advisor to a number of universities in Hong Kong and Macau. He is a member of the Court of City University of Hong Kong and a member of the Court and Senior Advisor to the President of The Hong Kong University of Science and Technology ("HKUST"). He is also the Chairman of Business Career Development Advisory Committee of the College of Business of City University of Hong Kong, the Chairman of Career Development Advisory Council and a Special Advisor to the Dean of the School of Business and Management and an Honorary Advisor and the Chairman of Career Development Advisor Board of the School of Humanities and Social Science of HKUST, a member of the Advisory Board for the Faculty of Business Administration of the University of Macau, and the Chairman of the HKUST Foundation. Mr. Ip is an Honorary Fellow of Vocational Training Council, an Honorary Fellow of and a Beta Gamma Sigma Honoree at City University of Hong Kong, and an Honorary Fellow of and a Beta Gamma Sigma Honoree at HKUST. Mr. Ip serves as a member of the Science and Technology Council, Macau Special Administrative Region. Mr. Ip is an Independent Non-executive Director of Eagle Asset Management (CP) Limited which is the manager of Champion Real Estate Investment Trust, New World Development Company Limited and Hutchison Telecommunications Hong Kong Holdings Limited. All the companies mentioned above except for Eagle Asset Management (CP) Limited are listed companies, and Champion Real Estate Investment Trust is a listed real estate investment trust. He is also an Independent Non-executive Director of Lifestyle International Holdings Limited which was delisted on 20 December 2022. Mr. Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science, a Master of Science in Applied Mathematics and a Master of Science in Accounting and Finance.

KOH Poh Wah

Aged 68. Appointed to the Board in May 2021. Ms. Koh has more than 30 years of working experience in the areas of operations management, technology, financial and business re-engineering. Ms. Koh is an Independent Non-executive Director of ESR Asset Management (Fortune) Limited (formerly known as ARA Asset Management (Fortune) Limited) which is the manager of Fortune Real Estate Investment Trust, a listed real estate investment trust. Ms. Koh is also an Independent Non-executive Director of HKEIML which is the trustee-manager of HKEI, and HKEIL which is a company listed together with HKEI, and a Director of HK Electric. Ms. Koh was previously the Regional Accountant (Alpha Asia Pacific) of Alpha International, a non-profit organisation, from 2012 to 2015 in charge of the finance functions for Alpha Asia Pacific region, Alpha Singapore and AAP Publishing Pte. Ltd. Prior to this role she was a Director with Future Positive Pte. Ltd.

working extensively on information technology and business re-engineering consultancy areas. Ms. Koh also worked for American International Assurance Co. Ltd. for 15 years during the period from 1986 to 2000, with her last position as Vice President – Quality Support & Operations Management. Ms. Koh holds a Master of Science in Management Science and Operational Research, a Bachelor of Arts Degree (Honours) in Accounting, and a Diploma from Institute for the Management of Information Systems (previously known as Institute of Data Processing Management, UK) and a Fellow of Life Management Institute (USA).

KWAN Chi Kin, Anthony

Aged 69. Appointed to the Board in May 2022. Mr. Kwan has over 40 years of experience in engineering. He joined the CK Group in May 1990 and was a member of Executive Committee and General Manager, Building Cost & Contract Department of CKA, a listed company, before his retirement in 2018. Mr. Kwan holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Surveyor, a Registered Professional Engineer, a member of The Hong Kong Institute of Surveyors, a member of HKIE and a member of Hong Kong Institute of Construction Managers.

WU Ting Yuk, Anthony

Aged 70. Appointed to the Board in June 2014. Mr. Wu is a member of the Chamber Council, and was previously the chairman, of the Chamber. He serves as a member of the People's Republic of China State Council's Medical Reform Leadership Advisory Committee, a member of the Public Policy Advisory Committee and an advisor of the National Health Commission of the People's Republic of China, the Principal Advisor to the State Administration of Traditional Chinese Medicine of the People's Republic of China and a member of the Chinese Medicine Reform and Development Advisory Committee of the People's Republic of China. Mr. Wu is also the Chief Advisor to MUFG Bank, Ltd., the Chairman of the China Oxford Scholarship Fund, a member of the board of the West Kowloon Cultural District Authority and an Honorary Professor of Faculty of Medicine of the Chinese University of Hong Kong and Peking Union Medical College Hospital. He was formerly a member of Standing Committee of the 12th and 13th Chinese People's Political Consultative Conference National Committee, the chairman of the Hong Kong Hospital Authority, the chairman of the Bauhinia Foundation Research Centre, the Deputy Chairman and an Executive Director of Sincere Watch (Hong Kong) Limited, and an Independent Non-executive Director of Fidelity Funds, Agricultural Bank of China Limited, Guangdong Investment Limited and China Taiping Insurance Holdings Company Limited. Mr. Wu is the Chairman and a Non-executive Director of Clarity Medical Group Holding Limited, the Chairman of the board of directors and an Independent Non-executive Director of Venus Medtech (Hangzhou) Inc., and an Independent Non-executive Director of CStone Pharmaceuticals, Ocumension Therapeutics, Sing Tao News Corporation Limited and Hui Xian Asset Management Limited which is the manager of Hui Xian Real Estate Investment Trust. He is also an Independent Non-executive Director, and was previously the Chairman of the board of directors, of China Resources Medical Holdings Company Limited. All the companies mentioned above except for Hui Xian Asset Management Limited are listed companies, and Hui Xian Real Estate Investment Trust is a listed real estate investment trust. Mr. Wu is an Honorary Fellow of Hong Kong College of Community Medicine. He is a Fellow of the HKICPA and the Institute of Chartered Accountants in England and Wales, and an Honorary Chairman of The Institute of Certified Management Accountants (Australia) Hong Kong Branch.

Management Team

CHAN Kee Ham, Ivan

Aged 62. Chief Financial Officer, has been with the Group since May 2012. He is also the Chief Planning and Investment Officer of CK Infrastructure Holdings Limited. He has over 35 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.

FUNG Siu Tong, Thomas

Aged 56. General Manager, has been with the Group since September 1990. He is responsible for business development activities which include both acquisition and greenfield development globally. He holds a Bachelor of Science degree in Mechanical Engineering.

Jeffrey KWOK

Aged 67. Senior Manager (International Business), joined the Group in 1981 and has been engaged in the development of various power and renewable projects. He is currently responsible for managing the Group's global investments with a focus on their sustainability development. He holds a Master of Science degree in Engineering and is a Chartered Engineer in the United Kingdom, a member of The Hong Kong Institution of Engineers, the Institution of Mechanical Engineers and the Energy Institute in the United Kingdom.

NG Wai Cheong, Alex

Aged 55. Group Legal Counsel and Company Secretary, has been with the Group since November 2008. Mr. Ng is also the Group Legal Counsel and Company Secretary of HK Electric Investments Manager Limited (the trustee-manager of HK Electric Investments) and HK Electric Investments Limited. He has over 25 years of experience in legal, regulatory and compliance fields. Mr. Ng holds a Bachelor's degree in Science and a Bachelor's degree in Laws. He was admitted as a solicitor in Hong Kong and in England and Wales.

PAK Tak Kei, Keith

Aged 60. Senior Manager (Business Development), has been with the Group since December 1993. He is responsible for initiation of the Group's investments globally. He holds a Bachelor of Engineering degree in Mechanical Engineering, a Master of Science degree in Building Services Engineering and a Master of Business Administration degree. He is a member of The Hong Kong Institution of Engineers.

YU Ka Man, Jenny

Aged 53. Senior Manager (Head of European Business), joined the Group in September 2016 and has over 20 years of experience in energy industry with international business exposure. She is responsible for asset management of the Group's investments globally, and assumes active role in new energy development projects. Ms. Yu holds a Master of Business Administration degree. She is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Institute of Directors. Ms. Yu is also a Certified Environmental, Social and Governance Analyst of The European Federation of Financial Analysts Societies.

Corporate Governance Report

Corporate Governance

The Board is committed to maintaining high standards of corporate governance, and recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Company and its ability to attract investment, protect the rights of shareholders and other stakeholders, and enhance shareholder value. The Group's corporate governance practices are designed to achieve these objectives and are maintained through a framework of processes, policies and guidelines.

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2024.

Vision, Missions and Core Values

The Company has the vision to excel in the energy business in key international markets, and is dedicated to the missions of enhancing shareholder value, nurturing a harmonious, efficient and committed workforce, and caring for the environment and placing health and safety at the forefront of all its activities. Guided by the four core values – pursuit of excellence, integrity, respect and trust, and caring – the Group is committed to operating its business lawfully, ethically and responsibly.

The Company is committed to ensuring the long-term sustainability of the Group's business and has formulated the Sustainability Policy, which is published on the Company's website, to set out the sustainability approach for its operations.

Under the leadership of the Board, the Company instils these vision, missions, core values and sustainability approach in our staff and stakeholders while integrating them into the Group's day-to-day operations. Information on the Company's performance and the basis on which the Company generates value over the longer term and the strategy for delivering the above vision and missions are set out in the Chairman's Statement on pages 6 to 8, the Long-Term Development Strategy on page 9 and the CEO's Report on pages 12 to 31 of the Annual Report.

Board of Directors

The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. Its responsibilities include approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of the management. Management, led by the Chief Executive Officer, is responsible for the day-to-day operations of the Group. The senior management of the Company, comprising the Executive Directors, is accountable to the Board, and ultimately to the shareholders.

Directors at all times have full and timely access to information of the Group, including board papers and related materials. A financial summary outlining the Group's financial position and performance and containing the actual and budgeted results from different operations, with major variances explained, is sent to Directors each month for their review.

All Directors, including the Non-executive Directors and the Independent Non-executive Directors, have independent access to the management team for information on the Group and unrestricted access to the advice and services of the Company Secretary on governance matters and board procedures. There is a procedure for Directors to seek independent professional advice whenever deemed necessary by them at the expense of the Company.

The Company has arranged insurance coverage in respect of directors' liability for all Directors.

Board Composition

The Board currently comprises 12 Directors, including four Executive Directors and three Non-executive Directors (following the retirement of Mr. Fok Kin Ning, Canning as the Chairman of the Company and an Executive Director with effect from 1 April 2024 and the re-designation of Mr. Neil Douglas McGee from an Executive Director to a Non-executive Director with effect from 1 March 2025) and five Independent Non-executive Directors.

Throughout 2024, the number of Independent Non-executive Directors meets the one-third requirement under the Listing Rules, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise.

Biographical details of the Directors are set out in the Board of Directors and Management Team section on pages 32 to 36 of the Annual Report. An updated list of Directors containing their biographical information is maintained on the website of the Company. The names of all Directors and their role and function are posted on the website of Hong Kong Exchanges and Clearing Limited ("HKEX").

Board Committees

The Board is supported by four board committees, Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee. Details of these committees are set out later in this report, and their terms of reference are published on the Company's website and the HKEX's website.

Board Proceedings

The Board has four regular meetings each year at approximately quarterly intervals and additional meetings will be held when warranted. Regular meetings are scheduled during the last quarter of the preceding year providing Directors with adequate time to plan their schedules to attend. The Directors may attend meetings in person, by telephone or other electronic means in accordance with the Company's articles of association. Throughout the year, the Directors also consider and approve matters by way of written resolutions, which are circulated to Directors together with explanatory briefings from the Chief Executive Officer or the Company Secretary as required. Directors are required to declare their interests, if any, in the matters to be considered by them during board meetings and in the circular resolutions.

Directors receive at least fourteen days prior written notice of a regular meeting and may propose matters for discussion to be included in the agenda. An agenda with supporting board papers is sent to Directors no less than three days prior to a regular meeting. The Company Secretary assists the Chairman in seeing that Directors receive adequate information on each matter set out in the agenda for informed decisions and acts as co-ordinator for management in providing clarification sought by Directors.

The minutes of Board meetings are prepared by the Company Secretary with details of the decisions reached, any concerns raised and dissenting views expressed. The draft minutes are sent to all Directors for their comments. The final minutes are kept by the Company Secretary and available for inspection by Directors. Copies are sent to Directors for their records within a reasonable time after each meeting. This arrangement also applies to meetings of the board committees.

Directors' Attendance of Meetings

Directors attend to the affairs of the Group through their participation at the Board and board committee meetings and the annual general meeting. In addition, the Chairman held meetings with the Independent Non-executive Directors without the presence of other Directors, to listen to their independent views on matters relating to the Group and its operations. The attendance record of the meetings during 2024 are as follows:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Sustainability Committee Meetings	Meetings between Chairman and Independent Non-executive Directors	Annual General Meeting held on 22 May 2024
Executive Directors							
Andrew John Hunter (Chairman) *(Appointed as the Chairman on 1 April 2024)*	5/5	–	1/1	–	–	2/2	✓
Fok Kin Ning, Canning (Chairman) *(Retired on 1 April 2024)*	2/2	–	–	–	–	–	–
Tsai Chao Chung, Charles (Chief Executive Officer)	5/5	–	–	–	2/2	–	✓
Chan Loi Shun	5/5	–	–	–	2/2	–	✓
Cheng Cho Ying, Francis	5/5	–	–	–	–	–	✓
Neil Douglas McGee *(Re-designated as Non-executive Director on 1 March 2025)*	5/5	–	–	–	–	–	✓
Non-executive Directors							
Leung Hong Shun, Alexander	5/5	–	–	–	–	–	✓
Victor T K Li	5/5	–	–	2/2	–	–	✓
Independent Non-executive Directors							
Stephen Edward Bradley	5/5	–	–	2/2	–	2/2	✓
Ip Yuk-keung, Albert	5/5	4/4	–	2/2	2/2	2/2	✓
Koh Poh Wah	5/5	4/4	1/1	–	–	2/2	✓
Kwan Chi Kin, Anthony	5/5	–	1/1	–	–	2/2	✓
Wu Ting Yuk, Anthony	5/5	4/4	–	–	–	2/2	✓

Each Director has confirmed that he/she has made contributions to the Group that are commensurate with his/her role and board responsibilities, devoted sufficient time and attention to the affairs of the Group, and disclosed their offices held in other public companies and organisations and updated the Company on any subsequent changes in a timely manner.

Board Performance Evaluation

The Board, supported by the Nomination Committee, conducts regular evaluation of its performance to ensure good corporate governance and board effectiveness. As part of the annual evaluation process, each Director completes a questionnaire to provide his/her views on the performance of the Board and the board committees and any suggestions for improving the board process, and the evaluation results are presented to the Nomination Committee and the Board for review internally.

Subsequent to the financial year end, the Board conducted an evaluation of its performance for 2024 in the manner described above, and the results were reviewed at the Nomination Committee and the Board meetings held in March 2025. The Directors considered the Board and the board committees continued to operate effectively.

Nomination, Appointment and Re-election

All Directors have been appointed on annual twelve-month basis (save for the initial period which is for a period up to 31 December in the year of appointment), subject to retirement from office by rotation and re-election by shareholders at the annual general meeting at least once every three years pursuant to the articles of association of the Company. Any Director appointed to fill the casual vacancy shall hold office until the next following general meeting and in the case of an addition, until the next annual general meeting, and shall be eligible for re-election at that meeting.

Directors retiring by rotation at the forthcoming annual general meeting are Mr. Chan Loi Shun, Mr. Ip Yuk-keung, Albert, Ms. Koh Poh Wah and Mr. Leung Hong Shun, Alexander. All the abovementioned retiring Directors offer themselves for re-election. Information relating to these Directors required to be disclosed under the Listing Rules is contained in the circular to be despatched to shareholders together with this Annual Report.

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

Nomination Process

The following diagram outlines the nomination process for new appointments and election or re-election of Directors:

Nomination Committee

- considers candidates and existing Directors based on merit and attributes that he/she will bring to the Board with the skills, experience, expertise and diversity of perspectives appropriate for the Group's businesses, as well as the benefits of various aspects of diversity, including gender, age, ethnicity, cultural and educational background, professional experience and qualifications and other factors that may be relevant from time to time
- makes recommendations to the Board on the appointment or nomination of additional, replacement or re-electing directors based on the above factors
- where an additional or replacement director is required, deploys multiple channels for identifying suitable candidates, including referral from Directors, shareholders, management, advisors and external executive search firms

Board

New Appointment	Election or Re-election
• considers recommendations from the Nomination Committee and approves the appointment of directors during the year	• considers recommendations from the Nomination Committee and makes recommendation to shareholders for election or re-election of Directors

Shareholders

- approve the election or re-election of Directors at the Company's general meeting or annual general meeting
- may nominate a person other than a retiring Director to stand for election as a Director at a general meeting in accordance with article 122 of the Company's articles of association, the procedures for which are posted on the Company's website

Diversity

The Company recognises the importance of having qualified and competent Directors that possess a balance of skill set, experience, expertise and diversity of perspectives appropriate for its strategies, which can enhance decision-making capability and the overall effectiveness of the Board to achieve corporate strategy as well as promote shareholder value.

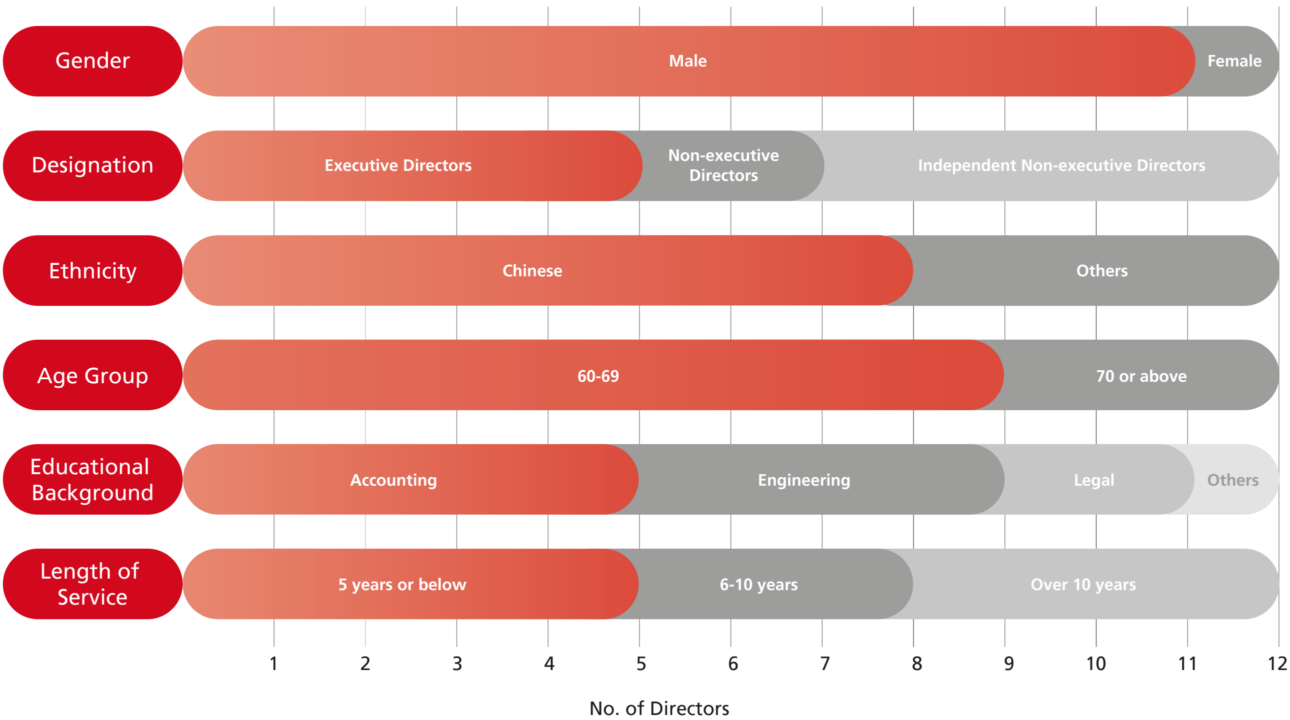
The full Board is ultimately responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, appointment of new Directors and succession plan for Directors. They have delegated their responsibility to the Nomination Committee, and established the Director Nomination Policy and the Board Diversity Policy, which are published on the Company's website, to provide guidance on the approach and procedure for these processes. The Nomination Committee reviews annually the implementation of these policies and makes recommendation on any revisions as may be required to the Board for approval to ensure their continued effectiveness.

Currently the Board has one female Independent Non-executive Director. It will continue to embrace gender diversity when making future board appointments but no specific targets or timelines to further enhance gender diversity have been set as it is of the view that all aspects of diversity should be considered as a whole in the selection of suitable candidates for appointment to the Board.

The Company also recognises the importance of diversity throughout the Group. It has established the Workforce Diversity Policy in 2024, which is published on the Company's website, to provide guidance in creating a diverse, inclusive and supportive working environment for its employees.

The same approach to gender diversity at the board level also applies to the Group's workforce, including the senior management. As of 31 December 2024, 67% and 33% of the Group's employees (including senior management) were male and female respectively. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. However, the Group currently does not consider it appropriate to set any specific gender target for its workforce. The availability of female candidates for many of the engineering positions is currently somewhat limited, and being an equal opportunity employer, the Group also considers other relevant factors in making its decision on fitting the right person to the right position.

The diversity profile of the Board as at 31 December 2024 is as follows:



The table below shows the mix of skills the Board possesses:

Skills and Expertise	No. of Directors (Note)
Board governance / leadership	12
Business management	10
Strategic planning / risk management	7
Merger and acquisition	7
Regulatory regime / public policy	8
Accounting / finance	7
Legal / regulatory	2
Engineering	4
Related industry knowledge / experience	7
Sustainability	5
Climate-related risk and opportunity	4

Note: Multiple skills and/or expertise may apply to one Director.

Board Independence

The Company is committed to promoting strong Board independence.

The Board must be satisfied that an Independent Non-executive Director does not have any material relationship with the Group. It is guided by the criteria of independence as set out in the Listing Rules in determining the independence of Independent Non-executive Directors.

Taking into consideration the confirmation of his/her independence with reference to the factors set out in Rule 3.13 of the Listing Rules (which also covers his/her immediate family members) provided by each Independent Non-executive Director to the Company for the financial year 2024, the Board continues to consider them to be independent.

The Board has put in place mechanisms to ensure independent views and inputs from Directors are available to the Board, and such mechanisms and their implementation during the financial year 2024 have been reviewed and considered effective by the Board. The Chairman holds meetings annually with Independent Non-executive Directors without the presence of other Directors with an open agenda enabling them to voice out their independent views and promoting an open and constructive dialogue. During the year, the Chairman had two such meetings with the Independent Non-executive Directors to discuss matters relating to the Group and its operations. In addition, all Directors, including Independent Non-executive Directors, provide valuable views and inputs to the Board through the board performance evaluation mentioned earlier in this report. Independent Non-executive Directors received fixed fees for their appointments as members of the Board and/or additional fees for sitting on each board committee, none of which are based on the performance of the Group. None of the Independent Non-executive Directors are financially dependent on the Group.

Directors' Interests in Competing Business

In 2024, the interests of Directors in businesses which may compete with the Group's business of energy and utility-related investment were as follows:

Name of Director	Name of Company	Nature of Interests
Andrew John Hunter	CK Hutchison Holdings Limited CK Infrastructure Holdings Limited	Executive Director Deputy Managing Director
Fok Kin Ning, Canning *(Retired on 1 April 2024)*	CK Hutchison Holdings Limited CK Infrastructure Holdings Limited	Group Co-Managing Director Deputy Chairman
Chan Loi Shun	CK Infrastructure Holdings Limited	Executive Director and Chief Financial Officer
Victor T K Li	CK Asset Holdings Limited CK Hutchison Holdings Limited CK Infrastructure Holdings Limited	Chairman and Managing Director Chairman and Executive Director Chairman

The Board is of the view that the Group is capable of carrying on the business of energy and utility-related investment independent of, and at arm's length from the businesses of the above companies. When making decisions on the Group's business and in the performance of their duties as Directors of the Company, the above Directors have acted and will act in the best interest of the Group and its shareholders.

Directors' Professional Development and Induction

The Company Secretary updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements necessary in discharging their duties. The Company also arranges and provides continuous professional development training and relevant materials to Directors to help ensure they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. Directors attend external forums or briefing sessions, or complete courses organised by professional bodies on relevant topics from time to time, which count towards their continuous professional development training.

Directors have provided to the Company their records of continuous professional development training during 2024, and they have participated in the following training activities:

1. Reading materials on directors' duties, compliance issues for listed companies and/or legal and regulatory requirements

2. Reading materials and e-trainings on corporate governance, risk management and internal control

3. Reading materials, e-trainings and seminars on Environmental, Social and Governance ("ESG") related and climate-related disclosure requirements

Directors	1	2	3
Executive Directors			
Andrew John Hunter	✓	✓	✓
Fok Kin Ning, Canning *(Retired on 1 April 2024)*	✓	✓	✓
Tsai Chao Chung, Charles	✓	✓	✓
Chan Loi Shun	✓	✓	✓
Cheng Cho Ying, Francis	✓	✓	✓
Neil Douglas McGee *(Re-designated as Non-executive Director on 1 March 2025)*	✓	✓	✓
Non-executive Directors			
Leung Hong Shun, Alexander	✓	✓	✓
Victor T K Li	✓	✓	✓
Independent Non-executive Directors			
Stephen Edward Bradley	✓	✓	✓
Ip Yuk-keung, Albert	✓	✓	✓
Koh Poh Wah	✓	✓	✓
Kwan Chi Kin, Anthony	✓	✓	✓
Wu Ting Yuk, Anthony	✓	✓	✓

Directors' Securities Transactions

The Company has established the Policy on Inside Information and Securities Dealing setting out the restrictions in securities dealing, and establishing preventive controls and reporting mechanism applicable to confidential or unpublished inside information in relation to the Company and its securities.

As stated in the policy, the Board has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix C3 of the Listing Rules as the code of conduct regulating directors' securities transactions. In addition, senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Company and its securities, are also required to comply with the Model Code. Reminders are sent during the year to these individuals on prohibitions against dealing in the securities of the Company during the "blackout period" specified in the Model Code.

All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2024.

Directors' Responsibility for Financial Reporting and Disclosure

Annual and Interim Reports and Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Company and the Group. The interim and annual results of the Company are published in a timely manner within two months and three months respectively after the end of the relevant periods.

Accounting Policies

The Directors consider that in preparing financial statements, the Group ensures statutory requirements are met, applies appropriate accounting policies that are consistently adopted, and makes judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring the Group keeps proper accounting records which disclose at any time the financial position of the Group from which the financial statements of the Group could be prepared in accordance with statutory requirements and the appropriate accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and 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. The Group's financial statements have accordingly been prepared on a going concern basis.

Disclosure

The Board is aware of the applicable requirements under the Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures, and authorises their publication as and when required.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by separate individuals, and are subject to retirement from their directorship by rotation and re-election at least once every three years at the annual general meeting. The Chairman is Mr. Andrew John Hunter (who succeeded Mr. Fok Kin Ning, Canning as the Chairman with effect from 1 April 2024 following Mr. Fok's retirement) and the Chief Executive Officer is Mr. Tsai Chao Chung, Charles.

The Chairman and the Chief Executive Officer have distinct and separate roles as set out below:

Chairman	Chief Executive Officer
• provides leadership to, and oversees the functioning and effective running of, the Board to ensure that the Board acts in the best interests of the Group	• manages the businesses of the Group and assumes full accountability to the Board for all Group operations
• ensures that good corporate governance practices and procedures are established	• attends to the formulation and successful implementation of Group policies
• acts in an advisory capacity to the Chief Executive Officer in all matters covering the interests and management of the Group	• attends to developing strategic operating plans and ensures the maintaining of the operational performance of the Group
• approves board meeting agendas and ensures that meetings of the Board are planned and conducted effectively and that all Directors are properly briefed on issues arising at board meetings	• ensures that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action when necessary
• maintains an ongoing dialogue with the Independent Non-executive Directors for their independent views	• maintains an ongoing dialogue with the Chairman and all other Directors to keep them informed of all major business development and issues

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, 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 (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding(Note)
Leung Hong Shun, Alexander	Beneficial owner	Personal	180,000	0.01%
Tsai Chao Chung, Charles	Beneficial owner	Personal	24,022	≃0%
Cheng Cho Ying, Francis	Beneficial owner	Personal	17,000	≃0%

Note: The approximate percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2024, being 2,131,105,154 shares.

Long Positions in Shares of Associated Corporation

HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Total	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporation	Corporate	5,170,000 *(Note 1)*	7,870,000	0.08%
	Beneficiary of trusts	Other	2,700,000 *(Note 2)*		
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	880	≃0%

Notes:

(1) Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("SSUs") are 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.

(2) Such SSUs are held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")) and

Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of another discretionary trust ("DT2")) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 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 only interested in the SSUs by reason only of its obligation and power to hold interests in those SSUs in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the SSUs 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.

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

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors. It is chaired by Mr. Ip Yuk-keung, Albert, and the other members are Ms. Koh Poh Wah and Mr. Wu Ting Yuk, Anthony. None of the committee members is a partner or former partner of the Group's external auditor.

Responsibilities

The Audit Committee reports directly to the Board, and acts as the key representative body for overseeing relations with the external auditor. Its principal responsibilities are to assist the Board in fulfilling its duties through the review and supervision of the Group's financial reporting, the review of financial information, the consideration of issues relating to external auditor and their appointment, the review and the development of corporate governance functions and risk management and internal control systems. The Audit Committee also oversees the Company's whistleblowing procedure. Committee members may seek independent professional advice where necessary to discharge their duties.

The terms of reference of the Audit Committee amended on 20 March 2024 are published on the Company's website and HKEX's website.

Work Done

The Audit Committee held four meetings in 2024. Management are available at all of these meetings to assist with any information and resources as may be required to enable committee members to carry out their functions. During the year, members reviewed and considered matters including:

- the interim and annual results and reports, and the financial highlights;
- the risk management reports, the assessments and declarations in respect of the effectiveness of the risk management and internal control systems and the sustainability governance and management, the effectiveness of the Company's internal audit function, the internal audit plan, the amendments to the Internal Audit Charter and all internal audit reports compiled during the year;

- compliance of the Deed of Non-competition with HK Electric Investments Limited;
- the corporate governance structure and compliance with the Corporate Governance Code and the ESG Reporting Guide;
- the continuous professional development activities (including trainings related to ESG) undertaken by Directors and senior managers, as well as the adequacy of resources, staff qualifications and trainings of accounting, internal audit and ESG performance and reporting functions;
- the report on engagement activities for shareholders and investors for assessment of the implementation and effectiveness of the Shareholder Communication Policy;
- auditor related matters (including fees for audit and non-audit services, engagement, independence, re-appointment, auditor's report and the review of the pre-approval policy and procedures for engaging auditor for non-assurance services);
- the Group's outstanding litigation and claims, and the statistics and registers on illegal or unethical behaviour of the Group (including whistleblowing cases); and
- the amendments to the terms of reference of the Audit Committee.

Representatives from KPMG, the external auditor, were invited to attended two of the meetings to discuss the 2023 audited financial statements, the 2024 audit plan and various accounting matters with the committee members. The Audit Committee also held private sessions with representatives from KPMG and the internal audit function respectively without the presence of management during the year.

Subsequent to the financial year end, the Audit Committee held a meeting in March 2025, at which it reviewed the Group consolidated financial statements for the year ended 31 December 2024 and the Annual Report 2024; and resolved to recommend the approval of the Group consolidated financial statements and the re-appointment of KPMG as the Company's external auditor for 2025.

Nomination Committee

The Nomination Committee comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director), and the other members are Mr. Stephen Edward Bradley (an Independent Non-executive Director) and Mr. Victor T K Li (a Non-executive Director).

Responsibilities

The Nomination Committee reports directly to the Board. Its principal responsibilities are to review the structure, size, diversity profile and skills matrix of the Board, to facilitate the selection and nomination process, to assess the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, as guided by the process and criteria in Director Nomination Policy and Board Diversity Policy as mentioned earlier in this report. Committee members may seek independent professional advice where necessary to discharge their duties.

Work Done

The Nomination Committee held two meetings both in March 2024. During the year, members performed matters including:

- reviewed the structure, size, diversity profile and skills matrix of the Board, and the implementation and effectiveness of the Board Diversity Policy;
- reviewed the independence of the Independent Non-executive Directors;
- resolved to recommend the nomination of all the retiring Directors standing for re-election at the annual general meeting of the Company held on 22 May 2024 (the "2024 Annual General Meeting"); and
- considered and recommended the appointment of Mr. Andrew John Hunter, an Executive Director, as the new Chairman of the Company following the retirement of Mr. Fok Kin Ning, Canning as the Chairman and Executive Director.

Remuneration Committee

The Remuneration Committee comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Ms. Koh Poh Wah (an Independent Non-executive Director), and the other members are Mr. Andrew John Hunter (an Executive Director, appointed as a member of the committee on 1 April 2024 following the retirement of Mr. Fok Kin Ning, Canning as the Chairman of the Company and an Executive Director and his cessation as a member of the committee) and Mr. Kwan Chi Kin, Anthony (an Independent Non-executive Director).

Responsibilities

The Remuneration Committee reports directly to the Board. Its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and management team, and the determination of their individual remuneration packages.

The Board has adopted a Policy on Remuneration of Full Time Directors and Management Team to provide guidance on the determination of remuneration of Executive Directors and management team, with reference to the Company's performance and profitability, industry remuneration benchmarks and prevailing market conditions. Remuneration should be performance-based and, coupled with an incentive system, competitive to attract and retain talented employees. In the discharge of its duties the Remuneration Committee is assisted by relevant remuneration data and market conditions provided by the human resources function. Committee members may, if considered necessary, seek independent professional advice to perform their duties. The Group does not have any equity-based remuneration during the year.

Non-executive Directors and Independent Non-executive Directors receive fixed fees for their appointments as members of the Board and/or additional fees for sitting on each board committee. None of such fees are based on the performance of the Group.

Work Done

The Remuneration Committee held a meeting in December 2024, during which members considered the policies and structure for remuneration of Directors and management team of the Company. Subsequent to the financial year, the Remuneration Committee held a meeting in January 2025, during which members under delegated responsibility from the Board considered and approved the performance-based bonus payable to full time Executive Directors and management team in respect of the 2024 financial year and their remuneration for 2025, and the 2025 wage and salary review proposal for the Group's employees.

No Director and member of the management team participated in the determination of his/her own remuneration.

The emoluments paid to each Director for the 2024 financial year are shown in note 11 to the financial statements on pages 97 to 99 of the Annual Report. The remuneration paid to members of the management team for the 2024 financial year is disclosed by bands in the same note.

Sustainability Committee

The Sustainability Committee comprises three members. It is chaired by Mr. Tsai Chao Chung, Charles (Chief Executive Officer), and the other members are Mr. Chan Loi Shun (an Executive Director) and Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director).

Responsibilities

The Sustainability Committee reports directly to the Board. Its principal responsibilities are to oversee management of, and advise the Board on, the development and implementation of the sustainability initiatives of the Group, review the related policies and practices, and assess and make recommendations on matters concerning the Group's sustainability development and risks.

The Group's Sustainability Management Committee, a management-level committee chaired by the Chief Executive Officer, supports the Sustainability Committee to discharge its duties and drives and coordinates the Group's sustainability efforts, and promotes understanding of sustainability within the Group. Committee members may, if considered necessary, seek any information required from management or have access to independent professional advice.

Work Done

The Sustainability Committee held two meetings in 2024. During the year, members performed matters including:

- reviewed the new and updated governance and sustainability policies;
- reviewed the update on the Company's pledge towards the United Nations Global Compact;
- reviewed the Company's selected United Nations Sustainability Development Goals and their progress status, and approved its alignment of an additional goal;
- reviewed the resources and training on sustainability performance and reporting and the top risk register containing identified ESG risks and control measures;
- assessed the Group's stakeholder engagement, health and safety management, environmental management and other sustainability areas; and
- reviewed the Sustainability Report 2023 and the updated regulatory ESG reporting requirements.

Subsequent to the financial year, the Sustainability Committee at a meeting held in March 2025 reviewed and recommended for the Board's approval the Sustainability Report 2024.

Company Secretary

The Company Secretary of the Company supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. He is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters and also facilitates induction and professional development of Directors. The Company Secretary also acts as the secretary to all board committees.

The appointment and removal of the Company Secretary is subject to approval of the Board. Although the Company Secretary reports to the Chairman and the Chief Executive Officer, all Directors have access for his relevant advice and service. Mr. Alex Ng, the Company Secretary of the Company, has knowledge of the Group's daily affairs. He has received no less than 15 hours of relevant professional training during the year to refresh his skills and knowledge.

External Auditor

Independence

KPMG, the external auditor and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, have confirmed that they have been, for the year ended 31 December 2024, independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

Rotation of Engagement Partner

KPMG adopt a policy of rotating the engagement partner servicing their client companies every seven years. The last rotation in respect of the Group took place in the audit of the 2021 financial statements and the next rotation will take place in the audit of the 2028 financial statements.

Reporting Responsibility

The reporting responsibilities of KPMG are stated in the Independent Auditor's Report on pages 69 to 73 of the Annual Report.

Remuneration

An analysis of the fees of KPMG and other external auditors for audit and non-audit services is shown in note 9 to the financial statements on page 95 of the Annual Report.

Re-appointment

A resolution for re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming annual general meeting. There has been no change in auditor in the preceding three years.

Risk Management and Internal Control

Board Oversight

The Board has overall responsibility for evaluating and determining the nature and extent of the risks, including ESG risks that they are willing to take in achieving corporate strategic objectives, and overseeing the risk management and internal control systems. The Audit Committee assists the Board in reviewing the effectiveness of the risk management and internal control systems to ensure that appropriate and effective systems are in place.

The Audit Committee reviews all significant aspects of risk management and internal control, including financial, operational and compliance controls, the adequacy of resources, qualifications and experience, training programmes and budgets of the staff of the Group's accounting, internal audit, financial reporting, and ESG performance and reporting functions; the process by which the Group evaluates its control environment and its risk assessment process, and the way in which current and emerging risks are managed. The Audit Committee also reviews the effectiveness of the internal audit function and its annual work plans, and considers the reports of the Chief Executive Officer and an Executive Director on the effectiveness of the systems of risk management and internal control, and makes its recommendation to the Board for approval of the annual consolidated financial statements.

At the meetings held in March and August 2024, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Group for the year 2023 and for the half year ended 30 June 2024 respectively, and considered the systems effective and adequate.

The Company's risk management and internal control functions outlined above is supported by the services including the relevant financial and accounting, treasury and internal audit services it shared with HK Electric Investments Limited, pursuant to an agreement dated 14 January 2014 with such company.

Risk Management

Effective risk management is fundamental to the achievement of the corporate strategic objectives, and an enterprise risk management policy is in place to outline the framework and processes adopted by the Group and provide top-down and bottom-up approaches to identify, assess, mitigate and monitor key risks at corporate and business unit levels in a pro-active and structured manner. These key risks include risks in topics such as climate change, reliability of energy supply, health and safety, cyber security, mergers and acquisitions, and compliance with local, national and international laws and regulations which the Group considered to be key material ESG issues. More details are given in the Risk Management and Risk Factors on pages 61 to 65 of the Annual Report.

Internal Control Environment

The management encourages a risk aware and control conscious environment, setting objectives, performance targets or policies for the management of key risks including areas in strategic planning, business operations, acquisitions, investments, legal and regulatory compliance, expenditure control, treasury, environment, health and safety, customer service and cyber security.

There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control 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.

Internal Control Structure

The Company has a well-established organisational structure with defined levels of responsibility and authority and reporting procedures.

Executive Directors and senior executives are appointed to the boards and board committees of all major operating subsidiaries, associates and joint ventures for overseeing the operations and performance of those companies.

The internal control procedures of the Group include a comprehensive system for reporting information by those companies to the Company's management.

Executive Directors review operational and financial reports and key operating statistics and hold regular meetings with responsible managers to review their reports.

Budgets are prepared annually by the management and are subject to review and approval firstly by the Chief Executive Officer and then by the Board. Re-forecasts of operating results for the current year are prepared on a quarterly basis, reviewed for differences to the budget and for approval by the Executive Directors.

The Group has established guidelines and procedures for the approval and control of expenditure. Operating expenditure is subject to overall budget control, with approval levels being set by reference to the level of authority of each executive and officer. Capital expenditure is also subject to overall control within the approved budget of individual projects with more specific control and approval being required for overspending, unbudgeted expenditure and material expenditure within the approved budget. Monthly reports of actual versus budgeted and approved expenditure are also reviewed.

The Group's treasury function, reporting to an Executive Director, oversees the investment and funding activities of the Group. It regularly reports on the Group's cash and liquid investments, borrowings, outstanding contingent liabilities and financial derivatives commitments. The Board has approved and adopted a treasury policy governing the management of the financial risks of the Group (including interest rate risk, foreign exchange risk and liquidity risk) and the operational risks associated with such risk management activities. The treasury policy is reviewed by the Audit Committee from time to time.

The legal and company secretarial function reports to the Chief Executive Officer, and oversees, among other things, the Group's compliance of the Listing Rules and other legal and regulatory requirements.

Established guidelines for the acquisition of new businesses, including those on detailed appraisal and review procedures and due diligence processes, are in place.

Internal Control Assessment

Regarding the Group's Internal Control System, the Chief Executive Officer and an Executive Director review the results of the self-assessment on internal controls. The assessment of the effectiveness of entity-level controls is the first tier of the internal control self-assessment. Management of each business unit conduct surveys on entity-level controls self-assessment with reference to five components of internal control, namely, Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The second tier of internal control self-assessment at key business process level is also conducted to assess the effectiveness of controls over the operations within their areas of accountability and compliance with applicable laws and regulations. These assessments form part of the bases on which the Chief Executive Officer and an Executive Director formulate their opinion on risk management and internal control systems and report their results to the Audit Committee and the Board.

The Chief Executive Officer and other Executive Directors have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risk. The insurance function of HK Electric Investments Limited supports the Group to arrange appropriate insurance coverage.

Internal Audit

The internal audit function, reporting to the Audit Committee and an Executive Director, provides independent assurance as to the existence and effectiveness of the risk management activities and internal controls in the operations of the Group's business units. Staff members are from disciplines including accounting, engineering and information technology.

Internal audit prepares its annual audit plan by using risk assessment methodology, and taking into account the scope and nature of the Group's activities and changes in operating environment.

The audit plan is reviewed and approved by the Audit Committee. Depending on the business nature and risk exposure of the Group's business units, the scope of work on the Group's business units performed by internal audit includes financial, operations and information technology reviews, recurring and ad hoc audits, fraud investigations, productivity efficiency reviews and laws and regulations compliance reviews. Internal audit follows up audit recommendations on implementation by business units and the progress is reported to the Audit Committee regularly.

The internal audit function facilitates the bi-annual risk management and internal control self-assessment which enables the Chief Executive Officer and an Executive Director to review the profile of the significant risks and how these risks have been identified, evaluated and managed, changes since the last assessment in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of the risk management and internal control systems. The results are presented to the Audit Committee.

Reports from the external auditor on material non-compliance with procedures and significant internal control weaknesses, if any, are also presented to the Audit Committee. These reports are considered and reviewed and appropriate action is to be taken if required.

Inside Information

There are procedures including pre-clearance on dealing in the Group's securities by designated Directors, notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

Code of Conduct and Anti-corruption

The Group recognises the need to maintain a culture of corporate ethics and anti-corruption, and places great emphasis on ethical standards and integrity in all aspects of its operations.

The Group's Code of Conduct gives primary guidance in dealing with ethical issues, provides mechanisms to report unethical conduct and helps to foster a culture of honesty and accountability. All employees of the Group, and other stakeholders in certain situations, are required to adhere to the standards set out in the Code of Conduct. Guidance on specific matters are supplemented by other policies and procedures of the Group, as appropriate.

The Group has established the Anti-Fraud and Anti-Bribery Policy which, together with the Code of Conduct, prohibit any form of bribery or corruption. Accepting or offering advantages in any manner from or to clients, suppliers, or any person in connection with the Group's business is prohibited. An anti-bribery control assessment is conducted biannually to evaluate the effectiveness of controls for managing bribery risks. A monitoring mechanism has been established to review compliance with anti-corruption laws and the Code of Conduct.

It is the responsibility of each Director and employee to avoid situations that may lead to or involve a conflict of interest, and make full disclosure of any dealings in case of potential or actual conflict. All Directors and employees who have access to and in control of the Group's information are required to provide adequate safeguard to prevent any abuse or misuse of that information, and not to use it to secure personal advantage.

The Group ensure procurement of supplies and services are conducted in a manner of high ethical standards to promote fair and open competition. There are procurement and tendering procedures in place to ensure impartial selection of suppliers and contractors, and the hire of services and purchase of goods are based solely upon price, quality, suitability and need. Business partners, and products and service providers are expected to adhere to a high level of ethical standards as set out in the Code of Practice for Suppliers, and no corruption will be tolerated.

Whistleblowing

To ensure high standards of openness, probity and accountability, the whistleblowing procedures, as set out in the Code of Conduct and Whistleblowing Procedure, allow employees as well as customers, suppliers, contractors, debtors and creditors to report any suspected violation of the Code of Conduct or improprieties, misconduct or malpractice within the Group, including fraud and illegal acts. Investigations are carried out on all reported cases. The results are reported to the Audit Committee and the Chief Executive Officer, and disciplinary and remedial actions are taken as appropriate. During 2024, the Group had no reported whistleblowing cases, and no convicted cases of discrimination, harassment, breaches of personal data privacy, corruption, money laundering or insider trading.

Shareholders

Articles of Association

The current version of the articles of association of the Company is available on the Company's and HKEX's websites. No changes were made during the year ended 31 December 2024.

Public Float

According to information that is available to the Company and within the knowledge of the Directors, the percentage of the shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

Engagement of Shareholders

Shareholders' Rights

Dividend Policy

The Board has adopted a dividend policy which outlines the principles of payment on dividend. 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 improves over time in line with the Company's underlying earnings performance and its long-term growth prospects.

Rights relating to General Meeting

Pursuant to section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings may request for the convening of a general meeting. Pursuant to sections 580 and 615 of the Companies Ordinance, shareholders qualified under sub-section (3) and sub-section (2) of the respective sections may request for the Company's circulation of statements with respect to proposed resolutions to be considered at a general meeting and the Company's giving of notice of a resolution intended to be moved at an annual general meeting. In both of these cases, the request stating the general nature of the business to be dealt with at the meeting should be signed by the requisitionists and sent to the Company in hard copy form or in electronic form in accordance with the statutory provisions. Shareholders can refer to the detailed requirements and procedures set forth in the relevant sections of the articles of association of the Company when making any requisitions or proposals for transaction at general meetings.

Registration and related matters

The Company handles share registration and related matters for shareholders, such as transfer of shares, change of address, change of dividend payment instruction, issue and/or loss of share certificates and death of shareholders, through Computershare Hong Kong Investor Services Limited, the Company's share registrar, whose contact details are set out on page 143 of the Annual Report.

Financial Calendar and Other Information

A financial calendar of the announced key dates for 2024 and 2025 and other relevant share information are set out on page 144 of the Annual Report.

Shareholders Communications

The Company has established the Shareholder Communication Policy, which is published on the website of the Company, to lay down the framework and put in place a range of communication channels between the Company and shareholders and investors to promote effective communication.

The Audit Committee at a meeting held in March 2025 reviewed the engagement activities for the shareholders or investors conducted in 2024, and was satisfied with the implementation and effectiveness of the Shareholder Communication Policy for the year ended 31 December 2024.

General Meetings

Annual general meeting and other general meetings are the primary forums for communications with shareholders and their participation and for Directors to develop a balanced understanding of their views.

2024 Annual General Meeting

The 2024 Annual General Meeting was held as a hybrid meeting. Shareholders had the option of attending, participating and voting at the meeting physically or through online access.

The notice of meeting, the annual report and the circular containing information on the proposed resolutions were sent to shareholders on 22 April 2024, more than 21 clear days (as required by the Company's articles of association) prior to the meeting.

The 2024 Annual General Meeting was attended by all Directors of the Company. The chairmen and members of all board committees as well as representatives from KPMG, the external auditor, were available at the meeting to answer relevant questions from shareholders, which could either be raised at the meeting venue or online. A separate resolution was proposed in respect of each substantially separate issue and voted by way of a poll, and the poll voting procedure was explained fully to shareholders at the start of the meeting. Computershare Hong Kong Investor Services Limited, the Company's share registrar, acted as scrutineer for the poll.

All resolutions proposed at the meeting were ordinary resolutions and were passed by more than 50% of the votes, with the percentage of votes in favour set out below:

– Adoption of the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2023 (99.7211%);

– Declaration of a final dividend of HK$2.04 per share (99.8097%);

– Election of Mr. Cheng Cho Ying, Francis (96.7189%), Mr. Neil Douglas McGee (96.0883%) and Mr. Wu Ting Yuk, Anthony (65.9108%) as Directors;

– Re-appointment of KPMG as auditor and authorisation of Directors to fix their remuneration (96.6038%); and

– Granting of general mandates to Directors to issue and dispose of additional shares of the Company not exceeding 10% of the total number of shares in issue (97.8939%) and to repurchase shares of the Company (99.9603%).

The poll results, including the number of shares voted for and against each resolution, were announced to the meeting on its conclusion and subsequently posted on the Company's and HKEX's websites on the same day.

Financial and Other Reporting

The Company reports operating results for the first half of the financial year and the full financial year and produces interim and annual reports, and from time to time communicates other information with shareholders by way of announcement or circular, in accordance with the requirements of the Listing Rules and applicable laws. It also publishes sustainability report for the full financial year to report on its approach, commitments and strategy to sustainability, key achievements with regard to its sustainability performance during the year and plans and targets for the future.

Corporate Website

The Company's corporate website at www.powerassets.com is an information platform to facilitate communication with shareholders, the investor community and other stakeholders. It contains a wide range of information including financial results, annual and interim reports, sustainability reports, notices, announcements and circulars, press releases and other corporate publications, and details of the arrangements for dissemination of corporate communications. An e-subscription service is available to enable subscribers to register and receive notification when financial and sustainability reports and Listing Rules announcements are posted.

Shareholders may, as a standing or an ad hoc instruction, elect to receive certain corporate communications (such as the notices of general meetings and accompanying papers, circulars, annual reports and interim reports) by post. In the absence of any such instructions, they will receive a notification letter informing them of the release of the documents on the Company's and HKEX's websites, but may at any time notify the Company or the Company's share registrar by mail or email of any change in their choice of language (English or Chinese or both) and/or means of receiving (printed version or access through the Company's website) corporate communications. Shareholders are encouraged to access corporate communications through the Company's website to support the environment and reduce paper consumption.

Investor Relations

All shareholders may put enquiries to the Board at general meetings, whether they attend the meetings physically or through online access, and at other times by mail or email to the Company for the attention of an Executive Director, the Chief Financial Officer or the Company Secretary, whose contact channels are set out on page 143 of the Annual Report.

To facilitate communication with shareholders and the investment community and solicit their views, meetings, briefings and roadshows with investors and analysts are held from time to time, as appropriate.

Interests and Short Positions of Shareholders

As at 31 December 2024, 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 under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held		Approximate % of Shareholding (Note 4)
Venniton Development Inc.	Beneficial owner	153,797,511	*(Note 1)*	7.22%
Interman Development Inc.	Beneficial owner	186,736,842	*(Note 1)*	8.76%
Univest Equity S.A.	Beneficial owner	279,011,102	*(Note 1)*	13.09%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674	*(Note 1)*	13.48%
Hyford Limited	Interest of controlled corporations	767,499,612	*(Note 2)*	36.01%
CK Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612	*(Note 2)*	36.01%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612	*(Note 3)*	36.01%
CK Hutchison Global Investments Limited	Interest of controlled corporations	767,499,612	*(Note 3)*	36.01%
CK Hutchison Holdings Limited	Interest of controlled corporations	767,499,612	*(Note 3)*	36.01%

Notes:

(1) These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 767,499,612 shares of the Company held by Hyford described in Note (2) below.

(2) CK Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 767,499,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of CK Hutchison Holdings Limited ("CK Hutchison") in the Company described in Note (3) below.

(3) CK Hutchison is deemed to be interested in the 767,499,612 shares of the Company as referred to in Note (2) above as it holds more than one-third of the issued share capital of CK Hutchison Global Investments Limited ("CKHGI"). Certain subsidiaries of CKHGI hold more than one-third of the issued voting shares of Hutchison Infrastructure Holdings Limited which in turn holds more than one-third of the issued share capital of CKI.

(4) The approximate percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2024, being 2,131,105,154 shares.

Save as disclosed above, as at 31 December 2024, there was no other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Connected Transactions

Subscriptions of shares in CK William for the acquisition of Phoenix Energy Group Limited by CK William

As announced by the Company on 24 April 2024, CK William Midco 3 Limited ("PAH Subsidiary", an indirect wholly-owned subsidiary of the Company), together with a wholly-owned subsidiary of each of CK Asset Holdings Limited ("CKA") ("CKA Subsidiary") and CKI ("CKI Subsidiary") have each on 24 April 2024 entered into a subscription letter with CK William UK Holdings Limited ("CK William") subscribing for 46,526, 93,052 and 93,052 ordinary shares in CK William respectively, at total subscription prices of £46,526,000, £93,052,000 and £93,052,000 respectively, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being on substantially the same terms ("Share Subscription I").

On the same day, PAH Subsidiary, CKA Subsidiary, CKI Subsidiary, certain indirect wholly-owned subsidiaries of the Company, CKA and CKI, and CK William and its subsidiaries entered into an implementation deed in relation to the repayment of the loans owed by CK William Group to the Group, the CKA Group and the CKI Group respectively (the "Loan Repayment"), pursuant to which, among other things, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary agreed to subscribe for 137,500, 275,000 and 275,000 ordinary shares in CK William respectively, at total subscription prices of A$267,000,000, A$533,000,000 and A$533,000,000 respectively, on or before 9 May 2024, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being on substantially the same terms ("Share Subscription II"). CK William is an investment holding company which owns and operates energy businesses in electricity and gas distribution and sustainable distributed energy production.

Share Subscription I provided partial funding to CK William Group to support their acquisition of the entire issued share capital of Lionrai Investments No.1 Limited, an indirect holding company of Phoenix Energy Group Limited, which is one of the three gas distribution network operators licensed to operate in Northern Ireland.

Share Subscription II was a recapitalisation exercise of the CK William Group, so as to streamline its capital structure and strengthen its financial resilience.

The subscription price payable by PAH Subsidiary for Share Subscription I was funded by existing internal resources, and the subscription price payable by PAH Subsidiary for Share Subscription II was satisfied by, and funded through, the Loan Repayment by CK William to the Group without the need for any additional resources from the Group.

As (i) CKI is a substantial shareholder of the Company; and (ii) CKI holds more than 30% interest in CK William, CK William is an associate of CKI and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of Share Subscription I and Share Subscription II by PAH Subsidiary constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transactions under Share Subscription I and Share Subscription II by PAH Subsidiary calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but are less than 5%, Share Subscription I and Share Subscription II by PAH Subsidiary are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

Subscriptions of shares in CK William for the acquisition of a portfolio of onshore wind farms in the United Kingdom by CK William

As announced by the Company on 25 September 2024, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary have each on 25 September 2024 entered into (i) a subscription letter with CK William subscribing for 1,542, 3,084 and 3,084 ordinary shares in CK William respectively, at total subscription prices of £15,420,000, £30,840,000 and £30,840,000 respectively, each on substantially the same terms ("Share Subscription A"); and (ii) another subscription letter with CK William agreeing to subscribe for up to 570, up to 1,140 and up to 1,140 additional ordinary shares in CK William, at total subscription prices of up to £5,700,000, up to £11,400,000 and up to £11,400,000 respectively, on or before 15 January 2025, each on substantially the same terms ("Share Subscription B"), in each case on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William.

Both Share Subscription A and Share Subscription B provided partial funding to CK William Group to support their acquisition of the entire issued share capital of Medium Scale Wind No.1 Limited, Medium Scale Wind No.2 Limited, Minnygap Energy Limited, Den Brook Energy Limited, Turncole Wind Farm Limited, Jacks Lane Energy Limited and Woolley Hill Electrical Energy Limited, and 49% of the issued share capital of Fred. Olsen CBH Limited and corresponding shareholders' loans. These companies hold a portfolio of 32 operating wind farms in the United Kingdom.

The subscription prices payable by PAH Subsidiary for both Share Subscription A and Share Subscription B were funded by existing internal resources.

As (i) CKI is a substantial shareholder of the Company; and (ii) CKI holds more than 30% interest in CK William, CK William is an associate of CKI and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of Share Subscription A and Share Subscription B by PAH Subsidiary constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transactions under Share Subscription A and Share Subscription B by PAH Subsidiary calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but are less than 5%, Share Subscription A and Share Subscription B by PAH Subsidiary are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

Other Transactions

In connection with the spin-off and separate listing of the Group's electricity business in Hong Kong in January 2014 the Company entered into the following transactions:

Non-competition Deed with HK Electric Investments Limited

The Company entered into a deed of non-competition dated 14 January 2014 (the "Non-competition Deed") with HK Electric Investments Limited, pursuant to which the Company has undertaken that save for certain exceptions the Group will not on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on, or be engaged in or interested in, directly or indirectly, whether as a shareholder, partner, agent or otherwise (other than through its holding of share stapled units of HK Electric Investments and HK Electric Investments Limited), the business of generation, transmission, distribution and supply of electricity in Hong Kong.

The Company has complied with the Non-competition Deed during 2024 and has, in accordance with the Non-competition Deed, provided HK Electric Investments Limited with its annual written confirmation.

Deed relating to investment opportunity in power projects with CK Infrastructure Holdings Limited

The Company entered into a deed relating to investment opportunity in power projects dated 10 January 2014 (the "Investment Opportunity Deed") with CKI to further enhance the delineation between the business focus of the Company and CKI in power projects and projects other than power projects respectively. Pursuant to the Investment Opportunity Deed, CKI has undertaken that if it is offered an opportunity to invest in any power projects it will inform the Company and offer the opportunity to the Company, and CKI may only invest in any power project if (i) the Company (with the endorsement of its Independent Non-executive Directors or a committee thereof) invites CKI to participate as a co-investor and (ii) the investment opportunity is in respect of a power project of an enterprise value exceeding HK$4 billion. Any co-investment by the Company and CKI will be subject to compliance with the applicable requirements of the Listing Rules, including independent shareholders' approval if required.

The Investment Opportunity Deed requires each of CKI and the Company to review the deed's implementation as part of its internal audit plan and each company's audit committee to review the deed's compliance. A committee comprising all its Independent Non-executive Directors has reviewed the compliance by CKI with the terms of the deed and any decision by the Group regarding any exercise of the rights under the deed. Having considered the Company's internal control framework for ensuring the deed's compliance, internal audit's compliance review report, CKI's annual compliance confirmation to the Company and other relevant documents, the committee has confirmed its view that during 2024, CKI complied with the terms of the Investment Opportunity Deed and the Group's decisions regarding any exercise of the rights under the deed were made in accordance with the requirements thereof.

Risk Management

Effective risk management and internal control systems are fundamental to the achievement of our strategic objectives.

Risk Management Framework

The Group has in place an Enterprise Risk Management (ERM) framework to effectively identify, assess, mitigate and monitor key business, financial, operational and compliance risks, including Environmental, Social and Governance (ESG) risks such as those related to climate change. ESG and climate-related risks are identified and managed through the Group's ESG Risk Management Framework. Climate scenario analysis is performed to support the identification of climate-related risks and opportunities. For details, please refer to the Group's Sustainability Report 2024. The ERM framework enables us to adopt a proactive and structured approach to identifying and managing risks across the organisation, with on-going monitoring and review, while also preparing for climate-related opportunities.

Governance & Oversight

The Group is committed to fostering a risk aware and control conscious environment. Responsibility for risk management resides at all levels within the organisation. The Board, through the Audit Committee, oversees the overall management of risks. The Risk Management Committee, supported by Internal Audit, assists the Board and Audit Committee to review and monitor key risks faced by the Group. Management is responsible for identifying and assessing risks of a strategic nature. Business units are responsible for the identification and management of risks in their activities. The top-down and bottom-up approaches complement each other and enable us to identify and manage the Group's key risks in an effective manner, including material emerging risks at corporate and business unit levels.

Independent Assurance from Internal and External Auditors

Risk Management Framework Governance

Oversight by the Board / Audit Committee

Assisted by Risk Management Committee and Management

Identify & Manage Risks at Corporate Level

"Top-down"

"Bottom-up"

Business Units

Identify, Manage & Report Risks at Business Unit Level

The Board (through Audit Committee)

The Board / Audit Committee Oversight

- Has overall responsibility for the Group's risk management and internal control systems
- Determine and evaluate the nature and extent of the risks including ESG risks, that the Group is willing to accept in pursuit of the Group's strategic and business objectives
- Discuss the risk management and internal control systems with management to ensure management has performed its duty to have effective systems

Risk Management Committee (Chaired by the Chief Executive Officer)

Risk Review, Communication & Confirmation to the Board / Audit Committee

- Oversee the Group's risk profile and assess if key risks are appropriately mitigated
- Ensure that an on-going review of the effectiveness of the risk management and internal control systems have been conducted and provide such confirmation to the Board, via the Audit Committee

Management

Risk & Control Monitoring

- Responsible for designing, implementing and monitoring the risk management and internal control systems
- Identify and monitor key corporate risks
- Provide confirmation to the Risk Management Committee on the effectiveness of the systems

Business Units

Front-Line Risk & Control Ownership

- Design, implement and monitor controls at business unit level, escalate promptly on relevant risk issues
- Provide assurance to the Risk Management Committee on the effectiveness of risk management and internal control activities at business unit level
- Seek continuous process improvement and re-assessment

Risk Management Process

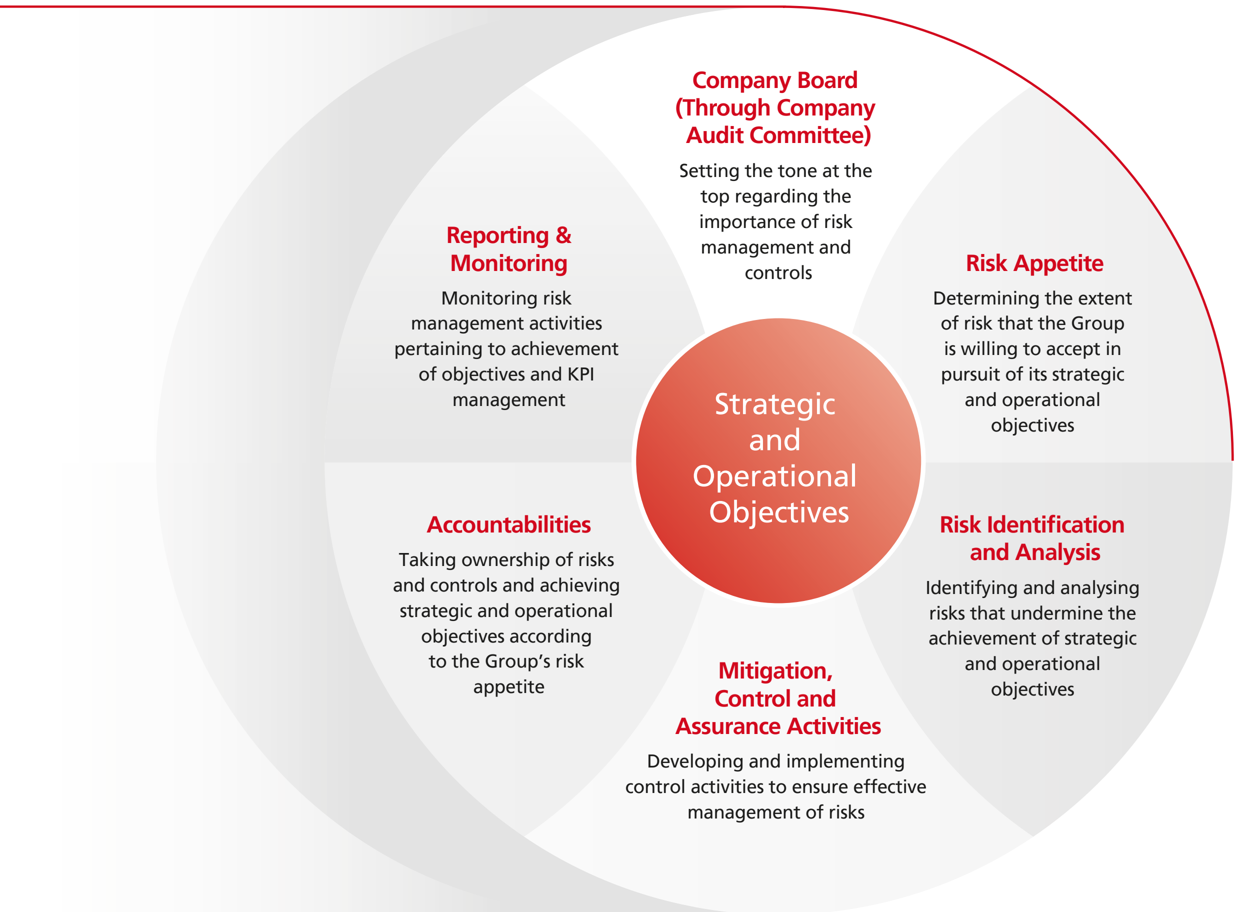
The risk management process is integrated into our day-to-day activities and is an on-going process involving all parts of the Group from the Board down to individual employees.

The risk identification process takes into account internal and external factors. These include economic, political, social, technological, environmental, laws and regulations, Group strategy, as well as our stakeholders' expectations in these aspects. Risks are grouped into different categories to facilitate analysis. Each risk identified is analysed on the basis of likelihood and impact in accordance with the risk appetite set by the Board.

During the risk assessment process, the impact of a risk is evaluated across various aspects including financial, health and safety, environmental, reputational, regulatory, customer service, reliability, organisational, and employee engagement, with severity levels ranging from insignificant to very substantial. The likelihood of a risk occurring is assessed on a scale from rare to almost certain. Together, these two dimensions determine the overall risk rating, which guides the prioritisation and management of risks. Action plans are then developed to mitigate potential impacts and reduce the likelihood of occurrence. The risk assessment process also includes a review of the control mechanisms for each risk and a rating of the effectiveness of each control.

The Group compiles a risk register, which is updated and monitored on an on-going basis, taking into account emerging risks that may have a material impact on the Group. A risk management report that highlights key corporate and business level risks and action plans is reviewed by the Risk Management Committee half-yearly. A register of top corporate risks is presented to the Audit Committee for reporting to the Board. Significant changes in key risks on a day-to-day basis are handled as they arise and reported to management.

Fundamental to achieving our business goals is how we can effectively manage existing and emerging risks in different economic, social and political environments. A description of these risk factors is shown on pages 63 to 65 of this Annual Report. The Group works to continually improve its risk management framework in order to keep pace with the changing business environment.



Risk Factors

Risks and uncertainties can affect the Group's businesses, financial conditions, operating results, or growth prospects leading to a divergence from expected or historical results. Key risk factors affecting the Group are outlined below. In dealing with these, the Group remains in touch with its stakeholders with the aim of understanding and addressing their concerns.

These factors are not 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 become material in the future.

Global Economy and Macro-Economic Conditions

The threat of volatile inflation, high commodity prices and energy costs, tightening financial conditions, supply chain disruptions, trade protectionism, and geopolitical tensions may pose downside risks to the world economy and global financial market.

The Group is a global investor in power and utility-related businesses, with interests in Hong Kong, the United Kingdom, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States. The industries in which the Group invests are affected by the economic conditions, population growth, currency environment and interest rate cycles in these countries. Any combination of these factors or continuing adverse economic conditions in these countries may negatively affect the Group's financial position, potential income, asset value and liabilities.

To address macro-economic volatility, the Group's strategy is to pursue steady earnings growth via carefully selected investments in stable and well-regulated international markets. On this basis, the Group has built up a robust and diverse portfolio of assets that deliver predictable income streams.

Climate Change

The Group is exposed to risks related to extreme weather events, failure of the ecosystem to adapt to climate change, and natural catastrophes that can cause physical threats in specific regions and countries, as well as policy-driven transition risks that are creating material impact on the operations of our business and the value of our assets. The countries and regions in which the Group has operations may be vulnerable to prolonged periods of drought, heat waves leading to wildfires, or physical effects of global warming such as severe tropical cyclones and flooding.

To address the potential impact of climate-related risks and opportunities to our business, necessary steps recommended by the Task Force on Climate-related Financial Disclosures (TCFD) have been taken. The potential materiality of the risks and the opportunities have been identified and assessed for us to devise strategic plans to manage these risks and capture the opportunities. In 2023, we completed the TCFD scenario analysis and identified and assessed the physical and transition risks and opportunities. The findings and the management framework are given in the Group's Sustainability Report 2024.

To mitigate the physical risks, the Group is continuing to build climate resilience into its energy infrastructure. The Group also has a long-term plan in place to address climate change risks by decarbonising our generation portfolio to reduce greenhouse gas emissions, help slow global warming, and reduce risks related to the low-carbon transition. We continue to modernise and digitise our electricity networks to accommodate the projected influx of distributed renewable energy sources, as well as the anticipated surge in charging networks for a massive uptake of electric vehicles. The Group is embracing the hydrogen economy, with business plans already in place in some of its operations for zero-carbon readiness in 2035, to achieve a carbon-free vision for 2050.

The Group's Sustainability Report 2024 offers more detailed discussions on the Group's approach to sustainability, including how it manages climate-related risks and opportunities, with respect to relevant local and international disclosure guidelines.

Currency Markets and Interest Rates

The Group's currency exposure mainly arises from its investments outside Hong Kong.

The results of the Group are recorded in Hong Kong dollars, but its subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations that occur during the process of translation of the results of these subsidiaries, associates and joint ventures, or during the repatriation of earnings, equity investments, or loans, may have an impact on the Group's results.

The Group is also exposed to interest rate risk on its interest-bearing assets and liabilities. Volatility in interest rate markets may adversely affect the Group's financial conditions and results of operations.

The Group's treasury policy guides the measures it undertakes to manage the above exposure. Details of the Group's current practices to manage currency and interest rate risks are in the Financial Review on page 66.

Cyber Security

The Group's critical utility and information assets are exposed to attack, damage, or unauthorised access in the cyber world, where cyber attacks have become increasingly sophisticated, highly coordinated and targeted. Failure to protect the Group's critical assets from cyber attacks can result in reputational damage, financial loss and disruptions in operations.

Each of the Group's investments has taken a risk-based and integrated approach to combat cyber security risks. They have established their own cyber security management framework or processes with the deployment of multiple layers of security controls across the IT infrastructure to proactively identify, prevent, detect, respond to and recover from cyber attacks. Resources and development efforts are focused on people, processes and various cyber security technologies to ensure the confidentiality, integrity and availability of corporate information assets and critical infrastructure.

Health and Safety

The Group's investments, and the nature of its operations, expose it to a range of significant health and safety risks. Employees' health and safety and their overall wellness are front and centre to management. The Group continues to uphold a monitoring framework and preventive measures to manage the risks of emerging public health contingencies in relation to its operations and also endeavours to provide essential and emergency services to customers in need.

Major health and safety incidents from operations, severe weather events, or infectious diseases, resulting in fatalities or injuries to members of the public or to employees, could have significant consequences. These may include widespread distress and harm or significant disruption to operations and could result in regulatory action, legal liability, material costs and damage to the Group's reputation.

Each of the Group's investments has in place a health and safety management system to manage its exposure and protect its employees, customers, contractors and the public by conducting its business in a safe and socially responsible manner. Operational activities also undergo risk assessment to mitigate or eliminate potential health and safety hazards, including those arising from climate change. Continuous improvements and the implementation of new technologies are made to strengthen the Group's culture, awareness, measures and commitment to health and safety.

Mergers and Acquisitions

The Group has undertaken merger and acquisition activities in the past and may continue to look for appropriate acquisition opportunities in the market.

The Group is exposed to various hidden problems, potential liabilities and unresolved disputes that the target company may have. Valuations and analyses of the target company conducted by the Group and external professionals are based on numerous assumptions, which may become inappropriate over time due to new facts and circumstances that emerge. The inability to successfully integrate a target business into the Group may prevent synergies from the acquisition being achieved, leading to increases in cost, time and resources used.

In undertaking merger and acquisition activities, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level, as well as cultural issues. Some of these merger and acquisition activities are subject to complex regulatory approval processes in their respective countries.

To manage these risks, the Group undertakes a rigorous due diligence and analysis process covering operational, financial, legal, sustainability and risk parameters before undertaking any merger or acquisition activity. The Group seeks growth in its areas of expertise within stable, well-structured international markets that either yield stable revenues under government regulation or are safeguarded by long-term power purchase agreements. The Group joins the management of new associate/joint venture companies to guide and oversee performance and shares best practice to ensure synergies and maximum efficiencies.

Infrastructure Market

The infrastructure investments of the Group globally are subject to local government policy, regulatory pricing and the need to adhere strictly to the licence requirements or provisions of relevant legislation. This also applies to the codes and guidelines established by the relevant regulatory authorities. Failure to comply with the aforesaid requirements or rules and regulations may lead to penalties, or, in extreme circumstances, the amendment, suspension or cancellation of the relevant licences by the authorities. The Group closely monitors changes in regulations, government policies and markets, and conducts scenario and sensitivity studies to assess the impact of such changes.

Compliance with Local, National & International Laws and Regulations

Local business risks specific to individual countries and cities where the Group's investments operate could have a material impact on its financial conditions, operating results and growth prospects. In addition, the Group's investments in different parts of the world are subject to local legal and regulatory requirements, and their activities are regulated through applicable operating licences.

With interests around the world, the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory, listing and environmental requirements at the local, national and international level. New policies or measures by governments, whether fiscal, tax, regulatory, environmental, or competition-related, may lead to additional or unplanned increases in operating expenses and capital expenditures, pose a risk to the returns delivered by the Group's investments and may delay or prevent the commercial operation of an individual business, with a resulting loss in revenue and profit.

The Group follows a proactive approach to monitoring changes in government policies and legislation. Each investment maintains high awareness of the need to comply with applicable laws, regulations and licence requirements. It does so through a variety of means including engaging external advisors, performing regular audits and complying with both internal and external regulatory reporting obligations. Adequate risk mitigation measures are in place and are constantly reviewed for enhancement.

Reliability of Energy Supply

The Group's power and utilities-related investments can be exposed to supply interruptions. A severe earthquake, storm, lightning strike, flood, landslide, fire, incident of sabotage, terrorist attack, cyberattack, failure of the critical information and control systems that operate and protect the electricity and gas networks, or any other unplanned event could lead to a prolonged and extensive supply outage.

The loss of cash flow resulting from supply interruption, and the cost of recovery from network damage could be considerable. Such an incident could damage customer goodwill and lead to claims and litigation. Substantial increases in the number or duration of supply interruptions could result in increases in the costs associated with the operation of the supply networks. This could have an adverse effect on the business, financial condition and efficiency of operations as well as the reputation of the Group.

The Group's investments conduct regular maintenance and upgrades of the power and gas supply equipment, provide comprehensive training to operational staff, undertake reliability reviews, and operate sophisticated information technology control and asset management systems. They also have fully tested contingency plans to ensure supply reliability standards are maintained.

Outbreak of Highly Contagious Disease

As the essential service provider of energy generation, transmission, and distribution across four continents, we have continuity plans, procedures, and guidelines in place to minimise the adverse impact on our core operations and services. The Group remains vigilant and is closely monitoring the impact on the business from any outbreak of highly contagious disease. We continuously review and improve guidelines and procedures to provide necessary support for changing domestic needs and requirements.

Financial Review

Financial Position, Liquidity and Financial Resources

The Group's financial position remained strong. The Group's capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Interest in joint ventures and associates at the year end were HK$87,413 million (2023: HK$88,697 million). Total unsecured bank loans outstanding at the year end were HK$2,505 million (2023: HK$3,097 million). In addition, the Group had bank deposits and cash of HK$2,733 million (2023: HK$4,201 million) and undrawn committed bank facility of HK$1,000 million at the year end (2023: HK$ Nil).

Treasury Policy, Financing Activities and Debt Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed in short-term deposits denominated primarily in Australian dollars, Canadian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth, whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the year. On 20 February 2024, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018.

As at 31 December 2024, the net cash position of the Group was HK$228 million (2023: net cash position of HK$1,104 million). The net debt to net total capital ratio was 44% by sharing net debt of the international investment portfolio on a look-through basis, which was based on HK$68,314 million of net debt and HK$155,390 million of net total capital. This ratio was slightly higher than that of 43% at the year end of 2023.

The profile of the Group's external borrowings as at 31 December 2024, after taking into account interest rate swaps, was as follows:

(1) 100% were in Australian dollars;

(2) 100% were bank loans;

(3) 100% were repayable between 2 and 5 years; and

(4) 100% were in fixed rate.

The Group's policy is to maintain at least a significant portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposures arising from investments outside Hong Kong are, where considered appropriate, mitigated by financing those investments in local currency borrowings, or by entering into forward foreign exchange contracts or cross currency swaps. The fair value of such borrowings at 31 December 2024 was HK$2,505 million (2023: HK$3,097 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2024 was an asset of HK$2,736 million (2023: an asset of HK$1,185 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise placed as foreign currency deposits, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2024 amounted to HK$32,377 million (2023: HK$32,223 million).

Contingent Liabilities

As at 31 December 2024, the Group had no guarantees and indemnities (2023: HK$142 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31 December 2024, excluding directors' emoluments, amounted to HK$28 million (2023: HK$27 million). As at 31 December 2024, the Group employed 14 (2023: 13) employees. No share option scheme is in operation.

Report of the Directors

(Expressed in Hong Kong dollars)

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are investment in energy and utility-related businesses. Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in Appendix 2 on page 138 of the financial statements. Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement on pages 6 to 8, the CEO's Report on pages 12 to 31, Risk Management and Risk Factors on pages 61 to 65 and Financial Review on page 66 of this Annual Report, and also in the Sustainability Report to be published at the same time as this Annual Report in April 2025.

A discussion on the Group's relationships with its key stakeholders, and environmental policies and performance is contained in the Chairman's Statement on pages 6 to 8 and the CEO's Report on pages 12 to 31 of this Annual Report, and the Sustainability Report mentioned above, whilst its compliance with the relevant laws and regulations that have a significant impact on the Group are included in the Corporate Governance Report on pages 37 to 60 and Risk Factors on pages 63 to 65 of this Annual Report. These discussions form part of this directors' report.

Results

The results of the Group for the year ended 31 December 2024 and the financial positions of the Group as at that date are set out in the financial statements on pages 74 to 141.

Dividends

An interim dividend of $0.78 (2023: $0.78) per ordinary share was paid to shareholders on 24 September 2024. The Directors recommend a final dividend of $2.04 (2023: $2.04) per ordinary share payable on 10 June 2025 to shareholders who are registered on the register of members on 27 May 2025.

Share Capital

Details of the share capital of the Company are set out in note 24(c) to the financial statements. There was no movement during the year.

Donations

Charitable and other donations made by the Group during the year amounted to $1 million (2023: $1 million).

Summary of Five-Year Financial Results

The summary of five-year financial results of the Group is set out on page 142.

Major Customers and Suppliers

Sales to the largest customer is 32.5% (2023: 23.3%) of the Group's total revenue, and sales to five largest customers combined is 84.9% (2023: 80.0%) of the Group's total revenue for the year ended 31 December 2024. The five largest customers for the year are the joint ventures or associates of the Company which are jointly owned with CK Infrastructure Holdings Limited, CK Asset Holdings Limited and/or CK Hutchison Holdings Limited as the case may be.

The Group's five largest suppliers accounted for less than 30% of the Group's total purchases of revenue items for the year ended 31 December 2024.

Save as disclosed above, none of the Directors, their close associates, nor any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) has any interest in the Group's five largest customers.

Directors

The Directors in office during the year and up to the date of this report were Mr. Andrew John Hunter, Mr. Fok Kin Ning, Canning (retired on 1 April 2024), Mr. Tsai Chao Chung, Charles, Mr. Stephen Edward Bradley, Mr. Chan Loi Shun, Mr. Cheng Cho Ying, Francis, Mr. Ip Yuk-keung, Albert, Ms. Koh Poh Wah, Mr. Kwan Chi Kin, Anthony, Mr. Leung Hong Shun, Alexander, Mr. Li Tzar Kuoi, Victor, Mr. Neil Douglas McGee and Mr. Wu Ting Yuk, Anthony.

During the year, Mr. Fok Kin Ning, Canning retired from the position as Chairman of the Company and Director to devote more time to other businesses of the CK Hutchison group and his family. He has no disagreement with the Board and is not aware of any matters relating to his retirement that need to be brought to the attention of the shareholders of the Company.

The list of directors and alternate director who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available under "Our Leadership" in "About Us" section on the Company's website at www.powerassets.com.

Permitted Indemnity

Pursuant to Article 182(A) of the Company's articles of association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto.

A Directors Liability Insurance is currently in place, and was in place during the year, to protect the Directors of the Company and its subsidiaries against potential costs and liabilities arising from claims brought against them.

Directors' Material Interests in Significant Transactions, Arrangements or Contracts

Save as otherwise disclosed under the section headed "Connected Transactions" in the Corporate Governance Report, there were no other transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

During the year the Group shared general office administration and other support services (such as legal, company secretarial, financial, accounting, treasury, internal audit, human resources, public affairs services, information technology and administrative services) provided by HK Electric Investments Limited, an associate of the Company, pursuant to a support services agreement which was entered into on 14 January 2014 and came into effect on 29 January 2014, for an initial term of three years and thereafter automatic renewal for successive periods of three years, subject to compliance with the relevant requirements under the Listing Rules and termination at any time with six months' prior notice.

Save as disclosed above, there are no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued securities during the year.

Arrangement to Purchase Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Equity-linked Agreements

No equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined statement of financial position of the affiliated companies as at 31 December 2024 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined statement of financial position of the affiliated companies as at 31 December 2024	**$ million**
Non-current assets	397,091
Current assets	20,646
Current liabilities	(41,930)
Non-current liabilities	(244,511)
Net assets	131,296
Share capital	43,584
Reserves	87,712
Capital and reserves	131,296

As at 31 December 2024, the consolidated attributable interest of the Group in these affiliated companies amounted to $52,378 million.

On behalf of the Board

Andrew John Hunter
Chairman
Hong Kong, 19 March 2025

KPMG

Independent Auditor's Report

To the members of Power Assets Holdings Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Power Assets Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 74 to 141, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 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 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 judgment, 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.

Accounting for interests in associates and joint ventures

Refer to notes 14 and 15 to the consolidated financial statements and the accounting policy 2(e).	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group's associates and joint ventures operate in Hong Kong, the United Kingdom, Australia, Thailand, Mainland China, Canada, the Netherlands, New Zealand and the United States. The Group's share of results of associates and joint ventures for the year ended 31 December 2024 and the Group's interests in associates and joint ventures at that date are significant in the context of the Group's consolidated financial statements. The financial information of associates and joint ventures with operations outside of Hong Kong is prepared in accordance with the prevailing accounting standards in each relevant jurisdiction which may differ in certain respects from HKFRSs. Converting the financial information of these entities into HKFRSs for the purpose of equity accounting involves management making a number of manual adjustments some of which are complex in nature. We identified the accounting for interests in associates and joint ventures as a key audit matter because of the material impact that these entities have on the consolidated financial statements and also because of the complex nature of certain adjustments made by management which we consider increases the inherent risk of error.	Our audit procedures to assess the accuracy of the accounting for interests in associates and joint ventures included the following: • performing an audit of the consolidated financial statements of the Hong Kong based associate, HK Electric Investments Limited, in accordance with the requirements of HKSAs; • evaluating the independence and competence of the auditors of associates and joint ventures outside Hong Kong; • participating in the risk assessment process undertaken by the auditors in respect of their audits of significant associates and joint ventures outside Hong Kong; • understanding the procedures planned to be performed by the auditors of significant associates and joint ventures outside Hong Kong to address the significant risks identified and considering whether the planned procedures were appropriate for the purpose of the audit of the Group's consolidated financial statements; • obtaining reporting from the component auditors of significant associates and joint ventures outside Hong Kong and discussing with these auditors matters of significance in their audits which could impact the Group's consolidated financial statements, the work performed thereon and their conclusions; • evaluating significant manual adjustments made in respect of associates and joint ventures outside Hong Kong to convert their financial information into HKFRSs by comparing the adjustments to underlying documentation or by re-performing the calculations on which the adjustments were based; • assessing whether the financial information of associates and joint ventures outside Hong Kong after the adjustments made by management was prepared in accordance with the Group's accounting policies.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 the directors for the consolidated financial statements

The directors 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 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.

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the Audit Committee, 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 this independent auditor's report is Lee Wai Shun, Wilson.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Revenue	4	**919**	1,292
Other net income	5	**207**	296
Other operating costs	7	**(460)**	(457)
Finance costs	8	**(169)**	(143)
Share of results of joint ventures		**4,014**	3,582
Share of results of associates		**1,841**	1,682
Profit before taxation	9	**6,352**	6,252
Taxation	10	**(233)**	(249)
Profit for the year attributable to equity shareholders of the Company		**6,119**	6,003
Earnings per share			
Basic and diluted	12	**$2.87**	$2.82

The notes on pages 79 to 141 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	2024 $ million	2023 $ million
Profit for the year attributable to equity shareholders of the Company	**6,119**	6,003
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan obligations	**18**	(6)
Share of other comprehensive income of joint ventures and associates	**(770)**	244
Income tax relating to items that will not be reclassified to profit or loss	**198**	(63)
	(554)	175
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(2,724)**	2,446
Net investment hedges	**1,516**	(660)
Cost of hedging	**22**	(8)
Cash flow hedges:		
Net movement in hedging reserve	**(37)**	(45)
Share of other comprehensive income of joint ventures and associates	**(39)**	(23)
Income tax relating to items that may be reclassified subsequently to profit or loss	**31**	16
	(1,231)	1,726
	(1,785)	1,901
Total comprehensive income for the year attributable to equity shareholders of the Company	**4,334**	7,904

The notes on pages 79 to 141 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Non-current assets			
Property, plant and equipment and leasehold land	13	**19**	19
Interest in joint ventures	14	**60,963**	61,669
Interest in associates	15	**26,450**	27,028
Other non-current financial assets	16	**1,100**	1,100
Derivative financial instruments	21	**2,050**	1,521
Employee retirement benefit assets	22(a)	**7**	6
		90,589	91,343
Current assets			
Other receivables	17	**755**	158
Bank deposits and cash	18(a)	**2,733**	4,201
		3,488	4,359
Current liabilities			
Other payables	19	**(3,970)**	(3,018)
Current tax payable	23(a)	**(107)**	(231)
		(4,077)	(3,249)
Net current (liabilities)/assets		**(589)**	1,110
Total assets less current liabilities		**90,000**	92,453
Non-current liabilities			
Bank loans and other interest-bearing borrowings	20	**(2,505)**	(3,097)
Lease liabilities		**(1)**	(1)
Derivative financial instruments	21	**(31)**	(199)
Deferred tax liabilities	23(b)	**(298)**	(301)
Employee retirement benefit liabilities	22(a)	**(89)**	(103)
		(2,924)	(3,701)
Net assets		**87,076**	88,752
Capital and reserves			
Share capital	24(c)	**6,610**	6,610
Reserves		**80,466**	82,142
Total equity attributable to equity shareholders of the Company		**87,076**	88,752

Approved and authorised for issue by the Board of Directors on 19 March 2025.

Tsai Chao Chung, Charles
Director

Chan Loi Shun
Director

The notes on pages 79 to 141 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company					
$ million	Share capital (note 24(c))	Exchange reserve (note 24(d)(i))	Hedging reserve (note 24(d)(ii))	Revenue reserve (note 24(d)(iii))	Proposed/ declared dividend (note 24(b))	Total
Balance at 1 January 2023	6,610	(7,320)	1,304	81,916	4,347	86,857
Changes in equity for 2023:						
Profit for the year	–	–	–	6,003	–	6,003
Other comprehensive income	–	1,778	(52)	175	–	1,901
Total comprehensive income	–	1,778	(52)	6,178	–	7,904
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	–	–	–	–	(4,347)	(4,347)
Interim dividend paid (see note 24(b)(i))	–	–	–	(1,662)	–	(1,662)
Proposed final dividend (see note 24(b)(i))	–	–	–	(4,348)	4,348	–
Balance at 31 December 2023 and 1 January 2024	**6,610**	**(5,542)**	**1,252**	**82,084**	**4,348**	**88,752**
Changes in equity for 2024:						
Profit for the year	**–**	**–**	**–**	**6,119**	**–**	**6,119**
Other comprehensive income	**–**	**(1,186)**	**(45)**	**(554)**	**–**	**(1,785)**
Total comprehensive income	**–**	**(1,186)**	**(45)**	**5,565**	**–**	**4,334**
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	**–**	**–**	**–**	**–**	**(4,348)**	**(4,348)**
Interim dividend paid (see note 24(b)(i))	**–**	**–**	**–**	**(1,662)**	**–**	**(1,662)**
Proposed final dividend (see note 24(b)(i))	**–**	**–**	**–**	**(4,348)**	**4,348**	**–**
Balance at 31 December 2024	**6,610**	**(6,728)**	**1,207**	**81,639**	**4,348**	**87,076**

The notes on pages 79 to 141 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Operating activities			
Cash generated from operations	18(b)	**382**	411
Interest paid		**(196)**	(170)
Interest received		**1,073**	1,403
Tax paid for operations outside Hong Kong		**(319)**	(96)
Tax refunded for operations outside Hong Kong		**1**	2
Net cash generated from operating activities		**941**	1,550
Investing activities			
Payment for the purchase of property, plant and equipment		**–**	(2)
Decrease in bank deposits with more than 3 months to maturity when placed		**1,745**	1,266
Investment in joint ventures		**(782)**	(638)
New loan to a joint venture		**(156)**	–
Net cash received/(paid) on hedging instruments		**919**	(153)
Dividends received from joint ventures		**2,588**	2,202
Dividends received from associates		**1,316**	1,456
Dividends received from equity securities		**56**	69
Net cash generated from investing activities		**5,686**	4,200
Financing activities			
Proceeds from bank loans	18(d)	**1,126**	–
Repayment of bank loans	18(d)	**(1,461)**	(179)
Capital element of lease rentals paid	18(d)	**(3)**	(2)
Dividends paid to equity shareholders of the Company		**(6,010)**	(6,009)
Net cash used in financing activities		**(6,348)**	(6,190)
Net increase/(decrease) in cash and cash equivalents		**279**	(440)
Cash and cash equivalents at 1 January		**2,456**	2,883
Effect of foreign exchange rate changes		**(2)**	13
Cash and cash equivalents at 31 December	18(a)	**2,733**	2,456

The notes on pages 79 to 141 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1. General information

Power Assets Holdings Limited ("the Company") is a limited company incorporated and domiciled in Hong Kong. The address of its registered office is Unit 2005, 20th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

2. Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in joint ventures and associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 30.

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

2. Material accounting policies (Continued)

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 December each year, together with the Group's share of the results for the year and the net assets at the end of the reporting period of its joint ventures and associates.

(d) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)(ii)).

(e) Joint ventures and associates

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

An interest in a joint venture or an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in a joint venture or an associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture or the associate, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see note 2(l)(i)).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(l)(ii)).

(g) Investments in equity securities and other financial assets

The Group's policies for investments in equity securities and other financial assets, apart from investments in subsidiaries, joint ventures and associates, are set out below.

Investments in equity securities and other financial assets are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 25(f). These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– fair value through other comprehensive income ("FVOCI") – (with subsequent reclassification to profit or loss), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is reclassified from equity to profit or loss.

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (with subsequent reclassification to profit or loss). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as at FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (without subsequent reclassification to profit or loss) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (without subsequent reclassification to profit or loss) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (without subsequent reclassification to profit or loss) is transferred to revenue reserve. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (without subsequent reclassification to profit or loss), are recognised in profit or loss as revenue.

2. Material accounting policies (Continued)

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivative financial instruments are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation (see note 2(i)).

(i) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with variable rate borrowings (cash flow hedges), or as hedging instruments to hedge the foreign exchange risk of a net investment in a foreign operation (net investment hedges).

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, along with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve within equity. The effective portion that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through other comprehensive income to profit or loss.

(iii) Hedge of net investments in foreign operations

The effective portion of any foreign exchange gains or losses on the borrowings is recognised in other comprehensive income and presented in the exchange reserve within equity. Any ineffective portion is recognised immediately in profit or loss. The amount accumulated in the exchange reserve is fully or partially reclassified through other comprehensive income to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Forward element of forward foreign currency contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Group excludes the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity, i.e. cost of hedging reserve, to the extent that it relates to the hedged items.

(j) Property, plant and equipment and leasehold land, depreciation and amortisation

(i) Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation (see note 2(j)(vi)), amortisation (see note 2(j)(v)) and impairment losses (see note 2(l)(ii)).

(ii) Where parts of a property, plant and equipment have different useful lives, the cost of the property, plant and equipment is allocated on a reasonable basis between the parts and each part is depreciated separately. Subsequent expenditure to replace a component of a property, plant and equipment that is accounted for separately, or to improve its operational performance is included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(iv) Interest in leasehold land held for own use where the Group is the registered owner of the property interest are stated in the consolidated statement of financial position at cost less accumulated amortisation (see note 2(j)(v)) and impairment losses (see note 2(l)(ii)).

(v) The cost of acquiring leasehold land is amortised on a straight-line basis over the period of the unexpired lease term.

2. Material accounting policies (Continued)

(j) Property, plant and equipment and leasehold land, depreciation and amortisation (Continued)

(vi) Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Years
Interests in buildings situated on leasehold land	60
Furniture and fixtures, sundry plant and equipment	10
Computers	5 to 10
Motor vehicles	5 to 6
Workshop tools and office equipment	5
Properties leased for own use	Shorter of the unexpired term of lease and the properties' estimated useful life

Immovable assets are amortised on a straight-line basis over the unexpired lease terms of the land on which the immovable assets are situated if the unexpired lease terms of the land are shorter than the estimated useful lives of the immovable assets.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (see note 2(j)(vi)), amortisation (see note 2(j)(v)) and impairment losses (see note 2(l)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the Group's consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after reporting period.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2. Material accounting policies (Continued)

(l) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for other receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (with subsequent reclassification to profit or loss), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (with subsequent reclassification to profit or loss) that does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

2. Material accounting policies (Continued)

(l) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and 2(l)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(m) Other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method and including allowance for credit losses (see note 2(l)(i)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, with the exception of fixed interest borrowings that are designated as hedged items in fair value hedges (see note 2(i)(i)), interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

For interest-bearing borrowings that are designated as hedged items in fair value hedges, subsequent to initial recognition, the interest-bearing borrowings are stated at fair value with the fair value changes that are attributable to the hedged risk recognised in profit or loss (see note 2(i)(i)).

(o) Other payables

Other payables are initially recognised at fair value. Subsequent to initial recognition, other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit scheme obligations

The Group has the following two categories of defined benefit plans:

– defined benefit retirement plans registered under the Hong Kong Occupational Retirement Schemes Ordinance (the "ORSO plans"); and

– Long Service Payment ("LSP") under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For ORSO plans, the net obligation is after deducting the fair value of plan assets. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's Mandatory Provident Fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the "Projected Unit Credit Method". For ORSO plans, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in ORSO plans (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

2. Material accounting policies (Continued)

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

– qualifying cash flow hedges to the extent that the hedges are effective.

2. Material accounting policies (Continued)

(u) Translation of foreign currencies (Continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions apply:

- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is a joint venture or an associate of the other entity (or a joint venture or an associate of a member of a group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in note 2(w)(i).

(g) A person identified in note 2(w)(i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group for the purposes of resource allocation and performance assessment. Accordingly, the Group's aggregated operating segments are based on their principal activities and geographical regions to present the reportable segments.

3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Revenue

The principal activity of the Group is investment in energy and utility-related businesses. Group revenue represents interest income from loans granted to joint ventures and associates and dividends from other financial assets.

	2024 **$ million**	2023 $ million
Interest income	**863**	1,223
Dividend income	**56**	69
	919	1,292
Share of revenue of joint ventures	**19,191**	18,943

5. Other net income

	2024 **$ million**	2023 $ million
Interest income on financial assets measured at amortised cost	**123**	218
Net exchange (loss)/gain	**(7)**	35
Sundry income	**91**	43
	207	296

6. Segment information

The Group has aggregated operating segments with similar characteristics to present the following reportable segments.

– Investment in HKEI: this segment invests in generation and supply of electricity business in Hong Kong.

– Investments: this segment invests in energy and utility-related businesses and is segregated further into three reportable segments (United Kingdom, Australia and Others) on a geographical basis.

– All other activities: this segment represents other activities carried out by the Group.

The basis of accounting for the Group's segment information is the same as that for the Group's financial statements. The financial information about the Group's segments is set out in Appendix 1 on pages 136 to 137.

7. Other operating costs

	2024 $ million	2023 $ million
Staff costs	**33**	32
Depreciation	**3**	4
Cost of services and investment related expenses	**424**	421
	460	457

8. Finance costs

	2024 $ million	2023 $ million
Interest on borrowings and other finance costs	**169**	143

9. Profit before taxation

	2024 $ million	2023 $ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	**4**	3
– other auditors	**1**	1
– non-audit work		
– KPMG	**2**	1
– other auditors	**4**	2

10. Taxation in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 $ million	2023 $ million
Current tax – operations outside Hong Kong		
Provision for the year	**196**	219
Deferred tax (see note 23(b))		
Origination and reversal of temporary differences	**37**	30
	233	249

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profits during the current and preceding years in Hong Kong.

Taxation for operations outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 $ million	2023 $ million
Profit before taxation	**6,352**	6,252
Less: Share of results of joint ventures	**(4,014)**	(3,582)
Share of results of associates	**(1,841)**	(1,682)
	497	988
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**99**	175
Tax effect of non-deductible expenses	**282**	269
Tax effect of non-taxable income	**(161)**	(205)
Tax effect of unused tax losses not recognised	**13**	10
Actual tax expense	**233**	249

11. Directors' emoluments and senior management remuneration

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the Directors of the Company are as follows:

Name of Directors	Fees $ million	Salaries, allowances and other benefits [17] $ million	Retirement scheme contributions $ million	Bonuses $ million	2024 Total emoluments $ million	2023 Total emoluments $ million
Executive Directors						
Andrew John Hunter [3] [6] [10]	**0.11**	**0.19**	**–**	**–**	**0.30**	0.22
Chairman						
Fok Kin Ning, Canning [3] [7] [11]	**0.03**	**–**	**–**	**–**	**0.03**	0.12
Chairman						
Tsai Chao Chung, Charles [5] [12]	**0.09**	**3.90**	**–**	**1.11**	**5.10**	4.88
Chief Executive Officer						
Chan Loi Shun [5] [13] [16]	**0.09**	**6.08**	**–**	**–**	**6.17**	5.93
Cheng Cho Ying, Francis [8] [14]	**0.07**	**–**	**–**	**–**	**0.07**	0.04
Neil Douglas McGee	**0.07**	**–**	**–**	**–**	**0.07**	0.07
Wan Chi Tin [9]	**–**	**–**	**–**	**–**	**–**	0.03
Non-executive Directors						
Victor T K Li [4] [15]	**0.09**	**–**	**–**	**–**	**0.09**	0.09
Stephen Edward Bradley [1] [4]	**0.09**	**–**	**–**	**–**	**0.09**	0.09
Ip Yuk-keung, Albert [1] [2] [4] [5]	**0.18**	**–**	**–**	**–**	**0.18**	0.18
Koh Poh Wah [1] [2] [3]	**0.16**	**–**	**–**	**–**	**0.16**	0.16
Kwan Chi Kin, Anthony [1] [3]	**0.09**	**–**	**–**	**–**	**0.09**	0.09
Leung Hong Shun, Alexander	**0.07**	**–**	**–**	**–**	**0.07**	0.07
Wu Ting Yuk, Anthony [1] [2]	**0.14**	**–**	**–**	**–**	**0.14**	0.14
Total for the year 2024	**1.28**	**10.17**	**–**	**1.11**	**12.56**	
Total for the year 2023	1.33	9.71	–	1.07		12.11

Notes:

(1) Independent Non-executive Director

(2) Member of the Audit Committee

(3) Member of the Remuneration Committee

11. Directors' emoluments and senior management remuneration (Continued)

Notes: (Continued)

(4) Member of the Nomination Committee

(5) Member of the Sustainability Committee

(6) Appointed as the Chairman of the Company and a member of the Remuneration Committee with effect from 1 April 2024.

(7) Retired as the Chairman of the Company and Executive Director and ceased to be a member of the Remuneration Committee with effect from 1 April 2024.

(8) Appointed as an Executive Director with effect from 1 July 2023.

(9) Resigned as an Executive Director with effect from 1 July 2023.

(10) During the year, Mr. Andrew John Hunter received director's emoluments of THB127,500 from Ratchaburi Power Company Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.

(11) During the year, Mr. Fok Kin Ning, Canning received director's emoluments of $120,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.

(12) During the year, Mr. Tsai Chao Chung, Charles received director's emoluments of THB506,838 from Ratchaburi Power Company Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.

(13) During the year, Mr. Chan Loi Shun received director's emoluments of THB379,338 from Ratchaburi Power Company Limited and $3,726,900 from HK Electric Investments Limited, which are associates of the Group. The director's emoluments received were paid back to the Company.

(14) During the year, Mr. Cheng Cho Ying, Francis received director's emoluments of $90,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.

(15) During the year, Mr. Victor T K Li received director's emoluments of $90,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.

(16) During the year, Mr. Chan Loi Shun received director's emoluments of $6,172,300 from the Company.

(17) For Directors who are employees of the Group, other benefits also include insurance and medical benefits entitled by the employees of the Group.

The five highest paid individuals of the Group included two directors (2023: two) whose total emoluments are shown above. The remuneration of the other three individuals (2023: three) who comprises the five highest paid individuals of the Group is set out below:

	2024 $ million	2023 $ million
Salary and other benefits	**10.6**	10.2
Retirement scheme contributions	**0.5**	0.5
	11.1	10.7

The total remuneration of senior management, excluding directors, is within the following bands:

	2024 Number	2023 Number
$1,500,001 – $2,000,000	**1**	1
$2,000,001 – $2,500,000	**2**	2
$3,500,001 – $4,000,000	**–**	1
$4,000,001 – $4,500,000	**1**	1
$4,500,001 – $5,000,000	**1**	–

The remuneration of directors and senior management is as follows:

	2024 $ million	2023 $ million
Short-term employee benefits	**26**	25
Post-employment benefits	**1**	1
	27	26

12. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $6,119 million (2023: $6,003 million) and 2,131,105,154 ordinary shares (2023: 2,131,105,154 ordinary shares) in issue throughout the year.

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2024 and 2023.

13. Property, plant and equipment and leasehold land

$ million	Ownership interests in buildings held for own use	Plant, machinery and equipment	Sub-total	Ownership interests in leasehold land held for own use	Other properties leased for own use	Total
Cost:						
At 1 January 2023	1	7	8	13	6	27
Additions	–	2	2	–	3	5
At 31 December 2023 and 1 January 2024	**1**	**9**	**10**	**13**	**9**	**32**
Additions	**–**	**–**	**–**	**–**	**3**	**3**
Disposal	**–**	**–**	**–**	**–**	**(6)**	**(6)**
At 31 December 2024	**1**	**9**	**10**	**13**	**6**	**29**
Accumulated amortisation and depreciation:						
At 1 January 2023	–	5	5	1	3	9
Charge for the year	–	1	1	–	3	4
At 31 December 2023 and 1 January 2024	**–**	**6**	**6**	**1**	**6**	**13**
Written back on disposals	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Charge for the year	**–**	**1**	**1**	**–**	**2**	**3**
At 31 December 2024	**–**	**7**	**7**	**1**	**2**	**10**
Net book value:						
At 31 December 2024	**1**	**2**	**3**	**12**	**4**	**19**
At 31 December 2023	1	3	4	12	3	19

14. Interest in joint ventures

	2024 $ million	2023 $ million
Share of net assets of unlisted joint ventures	**53,247**	52,079
Loans to unlisted joint ventures (see note below)	**7,435**	9,451
Amounts due from unlisted joint ventures (see note below)	**281**	139
	60,963	61,669
Share of total assets of unlisted joint ventures	**146,158**	146,620

The loans to unlisted joint ventures are unsecured, interest bearing at rates ranging from 4.4% per annum to 10.0% per annum (2023: 4.4% per annum to 11.0% per annum) and have no fixed repayment terms.

Included in the loans to unlisted joint ventures are subordinated loans totalling $7,278 million (2023: $9,202 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

The amounts due from unlisted joint ventures are unsecured, interest free and have no fixed repayment terms.

All the Group's joint ventures are unlisted corporate entities for which a quoted market price is not available.

Details of the Group's material joint ventures at the end of the reporting period are set out in Appendix 3 on pages 139 to 140.

(a) Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes and before adjustments for the Group's effective share.

	UK Power Networks		CK William		Australian Gas Networks		Husky Midstream L.P.		Northern Gas Networks		Wales & West Gas Networks	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million
Current assets	**6,173**	6,931	**5,449**	4,793	**1,398**	1,535	**910**	931	**2,532**	2,430	**4,512**	4,290
Non-current assets	**164,665**	157,481	**95,913**	90,886	**32,724**	34,683	**15,356**	17,373	**34,748**	34,184	**43,307**	42,436
Current liabilities	**(14,780)**	(15,033)	**(9,483)**	(13,433)	**(3,230)**	(3,472)	**(146)**	(2,480)	**(1,913)**	(2,611)	**(3,651)**	(1,535)
Non-current liabilities	**(92,069)**	(85,972)	**(59,262)**	(57,313)	**(17,177)**	(18,477)	**(5,689)**	(3,959)	**(25,447)**	(24,352)	**(29,300)**	(30,843)

The above amounts of assets and liabilities include the following:

	UK Power Networks		CK William		Australian Gas Networks		Husky Midstream L.P.		Northern Gas Networks		Wales & West Gas Networks	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million
Cash and cash equivalents	**1,207**	1,339	**1,780**	1,284	**318**	388	**209**	188	**560**	154	**3,843**	3,888
Current financial liabilities (excluding trade and other payables and provisions)	**(3,516)**	(5,119)	**(5,401)**	(9,798)	**(2,348)**	(2,495)	**–**	(2,366)	**(43)**	–	**(2,071)**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**(61,361)**	(58,174)	**(47,120)**	(47,759)	**(13,209)**	(14,429)	**(5,284)**	(3,661)	**(20,120)**	(19,213)	**(25,125)**	(26,987)

14. Interest in joint ventures (Continued)

(a) Summarised financial information of material joint ventures (Continued)

	UK Power Networks		CK William		Australian Gas Networks		Husky Midstream L.P.		Northern Gas Networks		Wales & West Gas Networks	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million
Revenue	**18,958**	17,997	**12,479**	11,212	**3,634**	3,278	**2,675**	2,744	**5,514**	4,961	**5,500**	5,144
Profit/(loss) from continuing operations	**4,791**	4,522	**613**	606	**888**	765	**1,718**	1,649	**970**	1,072	**1,027**	(201)
Other comprehensive income for the year	**(1,052)**	1,305	**(525)**	(408)	**(142)**	(280)	**(37)**	(22)	**235**	(455)	**(16)**	816
Total comprehensive income for the year	**3,739**	5,827	**88**	198	**746**	485	**1,681**	1,627	**1,205**	617	**1,011**	615
Dividends received from the joint ventures during the year	**992**	932	**44**	1	**–**	–	**1,014**	745	**335**	327	**118**	–

The above profit or loss for the year includes the following:

	UK Power Networks		CK William		Australian Gas Networks		Husky Midstream L.P.		Northern Gas Networks		Wales & West Gas Networks	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million
Depreciation and amortisation	**(3,485)**	(3,145)	**(3,318)**	(2,771)	**(851)**	(710)	**(589)**	(616)	**(1,279)**	(847)	**(925)**	(789)
Interest income	**305**	312	**48**	43	**6**	5	**12**	11	**27**	35	**212**	131
Interest expense	**(2,894)**	(3,376)	**(2,841)**	(2,832)	**(684)**	(689)	**(345)**	(372)	**(758)**	(849)	**(1,140)**	(2,906)
Income tax (expense)/credit	**(1,716)**	(1,758)	**(654)**	(362)	**(450)**	(387)	**1**	–	**(412)**	(229)	**(326)**	47

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements:

	UK Power Networks		CK William		Australian Gas Networks		Husky Midstream L.P.		Northern Gas Networks		Wales & West Gas Networks	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million	**$ million**	$ million
Net assets of the joint ventures	**63,989**	63,407	**32,617**	24,933	**13,715**	14,269	**10,431**	11,865	**9,920**	9,651	**14,868**	14,348
Group's effective interest	**40.0%**	40.0%	**20.0%**	20.0%	**27.51%**	27.51%	**48.75%**	48.75%	**41.29%**	41.29%	**36.0%**	36.0%
Group's share of net assets of the joint ventures	**25,596**	25,363	**6,523**	4,987	**3,774**	3,926	**5,085**	5,783	**4,096**	3,985	**5,353**	5,165
Consolidation adjustments	**64**	63	**67**	54	**–**	–	**273**	255	**–**	–	**(131)**	(133)
Carrying amount of the Group's interest in the joint ventures	**25,660**	25,426	**6,590**	5,041	**3,774**	3,926	**5,358**	6,038	**4,096**	3,985	**5,222**	5,032

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

	2024	2023
	$ million	$ million
The Group's share of net assets	**2,547**	2,631
The Group's share of profit from continuing operations	**123**	267
The Group's share of other comprehensive income	**(50)**	101
The Group's share of total comprehensive income	**73**	368

15. Interest in associates

	2024 $ million	2023 $ million
Share of net assets		
– Listed associate	**16,676**	16,572
– Unlisted associates	**8,807**	7,300
	25,483	23,872
Loans to unlisted associates (see note below)	**956**	3,108
Amounts due from associates (see note below)	**11**	48
	26,450	27,028

The market value (level 1 fair value measurement (see note 25(f))) of above listed associate, HKEI, at 31 December 2024 is $15,630 million (2023: $13,890 million). All the Group's other associates are unlisted corporate entities for which a quoted market price is not available.

The loans to unlisted associates are unsecured, interest bearing at rates ranging from 10.9% per annum to 11.2% per annum (2023: 10.9% per annum to 11.2% per annum) and have no fixed repayment terms.

The loans to unlisted associates are subordinated loans. The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

The amounts due from associates are unsecured, interest free and have no fixed repayment terms.

Details of each of the Group's material associates at the end of the reporting period are set out in Appendix 4 on page 141.

(a) Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in each associate's financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes and before adjustments for Group's effective share.

	HKEI		SA Power Networks		Victoria Power Networks	
	2024	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Current assets	**2,370**	2,493	**2,152**	1,888	**3,005**	2,662
Non-current assets	**116,129**	116,047	**40,253**	42,312	**55,202**	56,648
Current liabilities	**(3,998)**	(5,118)	**(7,301)**	(7,938)	**(7,346)**	(10,566)
Non-current liabilities	**(65,211)**	(64,444)	**(24,572)**	(30,923)	**(38,599)**	(36,857)

	HKEI		SA Power Networks		Victoria Power Networks	
	2024	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Revenue	**12,057**	11,406	**6,854**	6,567	**9,038**	8,494
Profit from continuing operations	**3,111**	3,156	**820**	269	**1,619**	1,504
Other comprehensive income for the year	**30**	(685)	**(143)**	(240)	**(129)**	(340)
Total comprehensive income for the year	**3,141**	2,471	**677**	29	**1,490**	1,164
Dividends received from the associates during the year	**945**	945	**155**	25	**–**	182

15. Interest in associates (Continued)

(a) Summarised financial information of material associates (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	HKEI		SA Power Networks		Victoria Power Networks	
	2024	2023	**2024**	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Net assets of the associates	**49,290**	48,978	**10,532**	5,339	**12,262**	11,887
Group's effective interest	**33.37%**	33.37%	**27.93%**	27.93%	**27.93%**	27.93%
Group's share of net assets of the associates	**16,450**	16,346	**2,941**	1,490	**3,424**	3,320
Consolidation adjustments	**226**	226	**–**	–	**–**	–
Carrying amount of the Group's interest in the associates	**16,676**	16,572	**2,941**	1,490	**3,424**	3,320

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

	2024	2023
	$ million	$ million
The Group's share of net assets	**2,442**	2,490
The Group's share of profit from continuing operations	**122**	134
The Group's share of other comprehensive income	**17**	(9)
The Group's share of total comprehensive income	**139**	125

16. Other non-current financial assets

	2024	2023
	$ million	$ million
Financial assets measured at FVPL		
– unlisted equity securities	**303**	303
– other investments	**797**	797
	1,100	1,100

17. Other receivables

	2024 $ million	2023 $ million
Interest and other receivables	**30**	129
Derivative financial instruments (see note 21)	**722**	24
Deposits and prepayments	**3**	5
	755	158

Receivables are carried out on credit and invoices are normally due within one month after issued. Further details on the Group's credit policy is set out in note 25(a).

18. Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

	2024 $ million	2023 $ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	**2,712**	2,394
Cash at bank and on hand	**21**	62
Cash and cash equivalents in the consolidated cash flow statement	**2,733**	2,456
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	**–**	1,745
Bank deposits and cash in the consolidated statement of financial position	**2,733**	4,201

18. Bank deposits and cash and other cash flow information (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 $ million	2023 $ million
Profit before taxation		**6,352**	6,252
Adjustments for:			
Share of results of joint ventures		**(4,014)**	(3,582)
Share of results of associates		**(1,841)**	(1,682)
Interest income	4,5	**(986)**	(1,441)
Dividend income from unlisted equity securities	4	**(56)**	(69)
Finance costs	8	**169**	143
Depreciation	7	**3**	4
Exchange (gain)/loss		**(66)**	820
Changes in working capital:			
Returns received from joint ventures		**221**	233
Returns received from an associate		**338**	179
Decrease in other receivables		**10**	1
Increase/(decrease) in other payables		**179**	(477)
Decrease in amounts due from joint ventures/associates		**70**	26
Increase in net employee retirement benefit liabilities		**3**	4
Cash generated from operations		**382**	411

(c) Funds from operations

Funds from operations represent net cash from operating activities, and dividends received from joint ventures, associates and equity securities.

	2024 $ million	2023 $ million
Net cash generated from operating activities	**941**	1,550
Dividends received from joint ventures	**2,588**	2,202
Dividends received from associates	**1,316**	1,456
Dividends received from equity securities	**56**	69
	4,901	5,277

(d) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

$ million	Bank loans	Lease liabilities	Total
At 1 January 2023	3,236	3	3,239
Changes from financing cash flows:			
Repayment of bank loans	(179)	–	(179)
Capital element of lease rentals paid	–	(2)	(2)
Exchange adjustments	35	–	35
Other changes:			
Increase in lease liabilities	–	3	3
Others	5	–	5
At 31 December 2023 and 1 January 2024	**3,097**	**4**	**3,101**
Changes from financing cash flows:			
Repayment of bank loans	**(1,461)**	**–**	**(1,461)**
Proceeds from bank loans	**1,126**	**–**	**1,126**
Capital element of lease rentals paid	**–**	**(3)**	**(3)**
Exchange adjustments	**(265)**	**–**	**(265)**
Other changes:			
Increase in lease liabilities	**–**	**3**	**3**
Others	**8**	**–**	**8**
At 31 December 2024	**2,505**	**4**	**2,509**

19. Other payables

	2024 $ million	2023 $ million
Creditors measured at amortised cost	**3,967**	2,896
Lease liabilities	**3**	3
Derivative financial instruments (see note 21)	**–**	119
	3,970	3,018

All of the other payables are expected to be settled within one year.

20. Bank loans and other interest-bearing borrowings

	2024 $ million	2023 $ million
Bank loans and others – non-current	**2,505**	3,097

Some banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become payable on demand and any undrawn amount will be cancelled. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b). As at 31 December 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

None of the non-current interest-bearing borrowings is expected to be settled within one year. All the above borrowings are unsecured.

The non-current borrowings are repayable as follows:

	2024 $ million	2023 $ million
Within 2 years to 5 years	**2,505**	3,097

21. Derivative financial instruments

	2024 Assets $ million	2024 Liabilities $ million	2023 Assets $ million	2023 Liabilities $ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	**5**	**–**	42	–
Net investment hedges				
Cross currency swaps	**1,148**	**–**	443	–
Forward foreign exchange contracts	**1,619**	**(31)**	1,060	(318)
	2,772	**(31)**	1,545	(318)
Analysed as:				
Current	**722**	**–**	24	(119)
Non-current	**2,050**	**(31)**	1,521	(199)
	2,772	**(31)**	1,545	(318)

22. Employee retirement benefits

The Group offers three retirement schemes which together cover all permanent staff.

One of the schemes ("the Pension Scheme") provides pension benefits based on the employee's final basic salary and length of service. This scheme is accounted for as a defined benefit retirement scheme.

Another scheme is defined contribution in nature and offers its members choices to invest in various investment funds. One of the investment funds provides a guaranteed return; the scheme is accounted for as a defined benefit retirement scheme in respect of this investment fund ("the Guaranteed Return Scheme"). In respect of other investment funds which do not offer a guaranteed return, the scheme is accounted for as a defined contribution retirement scheme (see note 22(b)).

Both these schemes are established under trust and are registered under the Hong Kong Occupational Retirement Schemes Ordinance. The assets of the schemes are held independently of the Group's assets in separate trustee administered funds.

The Group also participates in a master trust Mandatory Provident Fund Scheme ("MPF Scheme") operated by an independent service provider under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The MPF Scheme is a defined contribution retirement scheme with the employer and its employees each contributing to the scheme in accordance with the relevant scheme rules. The MPF Scheme rules provide for voluntary contributions to be made by the employer calculated as a percentage of the employees' basic salaries.

22. Employee retirement benefits (Continued)

(a) Defined benefit retirement schemes ("the Schemes")

The funding policy in respect of the Pension Scheme is based on valuations prepared periodically by independent professionally qualified actuaries at Willis Towers Watson Hong Kong Limited. The policy for employer's contributions is to fund the scheme in accordance with the actuary's recommendations on an on-going basis. The principal actuarial assumptions used include discount rate and future pension increase rate which are disclosed in note 22(a)(viii) together with appropriate provisions for mortality rates. The most recent actuarial valuation of the Pension Scheme was carried out by the appointed actuary, represented by Ms. Wing Lui, FSA, as at 1 January 2024. The valuation revealed that the assets of the Pension Scheme were sufficient to cover the aggregate vested liabilities as at the valuation date.

Both defined retirement schemes expose the Group to investment risk and interest rate risk while the Pension Scheme also exposes the Group to risks of longevity and inflation.

The retirement scheme expense/income recognised in profit or loss for the year ended 31 December 2024 was determined in accordance with HKAS 19 (2011), *Employee benefits.*

(i) The amounts recognised in the statements of financial position are as follows:

	2024	2023
	$ million	$ million
Present value of defined benefit obligations	**(219)**	(243)
Fair value of assets of the Schemes	**137**	146
	(82)	(97)
Represented by:		
Employee retirement benefit assets	**7**	6
Employee retirement benefit liabilities	**(89)**	(103)
	(82)	(97)

The assets of the Schemes did not include ordinary shares issued by the Company for the years ended 31 December 2024 and 2023.

A portion of the above asset/liability is expected to be realised/settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next 12 months, as future contributions will also relate to future changes in actuarial assumptions and market conditions.

(ii) Movements in the present value of defined benefit obligations of the Schemes are as follows:

	2024 $ million	2023 $ million
At 1 January	**243**	240
Interest cost	**8**	9
Actuarial loss/(gain) due to:		
– liability experience	**3**	4
– changes in financial assumptions	**(8)**	9
– changes in demographic assumptions	**(3)**	–
Benefits paid	**(24)**	(19)
At 31 December	**219**	243

(iii) Movements in fair value of plan assets of the Schemes are as follows:

	2024 $ million	2023 $ million
At 1 January	**146**	153
Interest income on the Schemes' assets	**5**	5
Return on the Schemes' assets, excluding interest income	**10**	7
Benefits paid	**(24)**	(19)
At 31 December	**137**	146

The Group expects to contribute below $1 million to the Schemes in 2025.

(iv) The expenses recognised in the consolidated statement of profit or loss are as follows:

	2024 $ million	2023 $ million
Net interest expenses on net defined benefit asset/liability	**3**	4

(v) The expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2024 $ million	2023 $ million
Other operating costs	**3**	4

22. Employee retirement benefits (Continued)

(a) Defined benefit retirement schemes ("the Schemes") (Continued)

(vi) The cumulative amount of actuarial losses recognised in the consolidated statement of comprehensive income is as follows:

	2024 $ million	2023 $ million
At 1 January	**116**	110
Remeasurement of net defined benefit asset/liability recognised in the consolidated statement of comprehensive income during the year	**(18)**	6
At 31 December	**98**	116

(vii) The major categories of assets of the Schemes are as follows:

	2024 $ million	2023 $ million
Hong Kong equities	**28**	27
European equities	**7**	8
North American equities	**37**	37
Asia Pacific and other equities	**10**	12
Global bonds	**55**	62
	137	146

Strategic investment decisions are taken with respect to the risk and return profiles. There has been no change in the process used by the Group to manage its risks from prior periods.

(viii) The principal actuarial assumptions used as at 31 December (expressed as a weighted average) are as follows:

	2024	2023
Discount rate		
– The Pension Scheme	**3.9%**	3.5%
– The Guaranteed Return Scheme	**3.5%**	2.9%
Future pension increase rate	**2.5%**	2.5%

(ix) Sensitivity analysis

(a) The Pension Scheme

	Increase/(decrease) in defined benefit obligations	
	2024	2023
	$ million	$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	**(4)**	(5)
– decrease by 0.25%	**4**	5
Pension increase rate		
– increase by 0.25%	**4**	5
– decrease by 0.25%	**(4)**	(4)
Mortality rate applied to specific age		
– set forward 1 year	**(9)**	(9)
– set backward 1 year	**9**	9

(b) The Guaranteed Return Scheme

	Increase/(decrease) in defined benefit obligations	
	2024	2023
	$ million	$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	**–**	–
– decrease by 0.25%	**–**	–
Interest to be credited		
– increase by 0.25%	**–**	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised within the consolidated statement of financial position.

22. Employee retirement benefits (Continued)

(a) Defined benefit retirement schemes ("the Schemes") (Continued)

(x) The following table sets out the weighted average durations of the defined benefit obligations of the Schemes:

	2024 **No. of years**	2023 No. of years
The Pension Scheme	**8.2**	8.8
The Guaranteed Return Scheme	**5.0**	5.0

(b) Defined contribution retirement scheme

	2024 **$ million**	2023 $ million
Expenses recognised in profit or loss	**1**	1

No forfeited contributions have been received during the year (2023: $Nil).

23. Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position

	2024 **$ million**	2023 $ million
Tax provision for the year	**196**	219
Tax paid	**(319)**	(96)
Tax refund	**1**	2
Tax provision relating to prior years	**229**	106
Current tax payable	**107**	231

(b) Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

$ million	Cash flow hedges	Tax losses/ undistributed profits of joint venture	Total
At 1 January 2023	(27)	(248)	(275)
Charged to profit or loss	–	(30)	(30)
Credited/(charged) to other comprehensive income	14	(10)	4
At 31 December 2023 and 1 January 2024	**(13)**	**(288)**	**(301)**
Charged to profit or loss	**–**	**(37)**	**(37)**
Credited to other comprehensive income	**11**	**29**	**40**
At 31 December 2024	**(2)**	**(296)**	**(298)**

The Group had no material unrecognised deferred tax assets or liabilities as at 31 December 2024 and 2023.

24. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

24. Capital, reserves and dividends (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2024 $ million	2023 $ million
Interim dividend declared and paid of $0.78 per ordinary share (2023: $0.78 per ordinary share)	**1,662**	1,662
Final dividend proposed after the end of the reporting period of $2.04 per ordinary share (2023: $2.04 per ordinary share)	**4,348**	4,348
	6,010	6,010

The final dividend proposed after the end of the reporting period is based on 2,131,105,154 ordinary shares (2023: 2,131,105,154 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year paid during the year:

	2024 $ million	2023 $ million
Final dividend in respect of the previous financial year, approved and paid during the year, of $2.04 per ordinary share (2023: $2.04 per ordinary share)	**4,348**	4,347

(c) Share capital

	Number of shares	2024 $ million	2023 $ million
Issued and fully paid:			
Voting ordinary shares	2,131,105,154	**6,610**	6,610

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong, the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations outside Hong Kong and the cost of hedging reserve. Under HKFRS 9, if the Group excludes the forward element of forward contracts and the foreign currency basis spread of financial instruments (the "excluded elements") from the designation of the hedging instruments, then the excluded elements may be separately accounted for as cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity as cost of hedging reserve to the extent that it relates to the hedged items. The reserve is dealt with in accordance with the accounting policies set out in notes 2(i)(iii) and 2(u).

The following table provides a reconciliation of the exchange reserve in respect of cost of hedging, net investment hedges and translation on investment outside Hong Kong:

$ million	Cost of hedging	Net investment hedges	Translation on investment outside Hong Kong	Total
Balance at 1 January 2023	22	4,857	(12,199)	(7,320)
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	–	–	2,446	2,446
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (see note 25(d)(i))	–	(660)	–	(660)
Cost of hedging – changes in fair value recognised in other comprehensive income	(8)	–	–	(8)
	(8)	(660)	2,446	1,778
Balance at 31 December 2023 and 1 January 2024	**14**	**4,197**	**(9,753)**	**(5,542)**
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**–**	**–**	**(2,724)**	**(2,724)**
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (see note 25(d)(i))	**–**	**1,516**	**–**	**1,516**
Cost of hedging – changes in fair value recognised in other comprehensive income	**22**	**–**	**–**	**22**
	22	**1,516**	**(2,724)**	**(1,186)**
Balance at 31 December 2024	**36**	**5,713**	**(12,477)**	**(6,728)**

24. Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges (net of any deferred tax effect) pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(i)(ii).

	2024 **$ million**	2023 $ million
Balance at 1 January	**1,252**	1,304
Effective portion of the cash flow hedge recognised in other comprehensive income	**(33)**	(34)
Amounts reclassified to profit or loss (see note below)	**(43)**	(34)
Related tax	**31**	16
Balance at 31 December (see note below)	**1,207**	1,252

Amount reclassified to profit or loss are recognised in the "Finance costs" line item in the consolidated statement of profit or loss (see note 8). The entire balance at 31 December 2024 and 2023 in the hedging reserve relates to continuing hedges.

(iii) Revenue reserve

The revenue reserve comprises the accumulated profits retained by the Company and its subsidiaries and includes the Group's share of the retained profits of its joint ventures and associates.

(e) 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 continue to provide returns for shareholders and benefits for other stakeholders;

– to provide returns to shareholders by securing access to finance at a reasonable cost;

– to support the Group's stability and future growth; and

– to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, forecast profitability, forecast operating cash flows, forecast capital expenditure and projected investment opportunities.

The Group monitors its capital structure on the basis of a net debt-to-net total capital ratio. For this purpose, the Group defines net debt as interest-bearing borrowings (excluding lease liabilities) less bank deposits and cash. Net total capital includes net debt and equity which comprises all components of equity (as shown in the consolidated statement of financial position).

During 2024, the Group's strategy, which was unchanged from 2023, was to control its level of debt in order to secure access to finance at a reasonable cost. In order to maintain or adjust the level of debt, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

As at 31 December 2024, the net cash position of the Group amounted to $228 million (2023: $1,104 million).

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.

25. Financial risk management

The Group is exposed to credit, liquidity, interest rate and currency risks in the normal course of its businesses. The Group is also exposed to equity price risk arising from its equity investments in other entities. In accordance with the Group's treasury policy, derivative financial instruments are only used to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

(a) Credit risk

The Group's credit risk is primarily attributable to other receivables relating to bank deposits and over-the-counter derivative financial instruments entered into for hedging purposes. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group has defined minimum credit rating requirements and transaction limits for counterparties when dealing in financial derivatives or placing deposits to minimise credit exposure. The Group does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position. Except for the financial guarantees given by the Group as set out in note 27, the Group has not provided any other guarantee which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 27.

The Group has no significant concentration of credit risk arising from other receivables, with exposure spread over a number of counterparties.

The Group measures loss allowances for other receivables at an amount equal to lifetime ECLs (see note 2(l)(i)). No loss allowances are recognised as at 31 December 2024 (2023: $Nil) based on historical actual loss experience.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from other receivables are set out in note 17.

25. Financial risk management (Continued)

(a) Credit risk (Continued)

Offsetting financial assets and financial liabilities

The Group's derivative transactions are executed with financial institutions and governed by either International Swaps and Derivatives Association Master Agreements or the general terms and conditions of these financial institutions, with a conditional right of set off under certain circumstances that would result in all outstanding transactions being terminated and net settled.

As these financial institutions currently have no legal enforceable right to set off the recognised amounts and the Group does not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously, all such financial instruments are recorded on gross basis at the end of the reporting period.

The following table presents the recognised financial instruments that are subject to enforceable netting arrangements but not offset as at the end of the reporting period:

		2024			2023		
$ million	Note	Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount	Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount
Financial assets	21						
Cross currency swaps		**1,148**	**–**	**1,148**	443	–	443
Interest rate swaps		**5**	**–**	**5**	42	–	42
Forward foreign exchange contracts		**1,619**	**(31)**	**1,588**	1,060	(96)	964
Total		**2,772**	**(31)**	**2,741**	1,545	(96)	1,449
Financial liabilities	21						
Forward foreign exchange contracts		**31**	**(31)**	**–**	318	(96)	222

(b) Liquidity risk

The Group operates a central cash management system for all its subsidiaries in order to achieve a better control of risk and minimise the costs of funds. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with loan covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term. The Group had undrawn committed bank facilities of $1,000 million at 31 December 2024 (2023: $Nil).

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial instruments, 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:

	2024 Contractual undiscounted cash outflow/(inflow)				
$ million	**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**	**Total**
Non-derivative financial liabilities					
Bank loans and interest accruals	**131**	**2,534**	**–**	**–**	**2,665**
Other payables	**3,965**	**–**	**–**	**–**	**3,965**
Derivative financial instruments					
Net settled					
Interest rate swaps	**(5)**	**–**	**–**	**–**	**(5)**
Gross settled					
Forward foreign exchange contracts:					
– outflow	**5,152**	**2,952**	**3,052**	**8,329**	**19,485**
– inflow	**(5,578)**	**(3,482)**	**(3,335)**	**(8,919)**	**(21,314)**
Cross currency swaps and related interest accruals:					
– outflow	**244**	**244**	**7,935**	**–**	**8,423**
– inflow	**(199)**	**(199)**	**(8,619)**	**–**	**(9,017)**
	3,710	**2,049**	**(967)**	**(590)**	**4,202**

	2023 Contractual undiscounted cash outflow/(inflow)				
$ million	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	Total
Non-derivative financial liabilities					
Bank loans and interest accruals	161	160	3,137	–	3,458
Other payables	2,893	–	–	–	2,893
Derivative financial instruments					
Net settled					
Interest rate swaps	(45)	(5)	–	–	(50)
Gross settled					
Forward foreign exchange contracts:					
– outflow	5,453	3,920	6,212	4,273	19,858
– inflow	(5,349)	(4,368)	(6,724)	(4,462)	(20,903)
Cross currency swaps and related interest accruals:					
– outflow	249	244	8,178	–	8,671
– inflow	(202)	(199)	(8,817)	–	(9,218)
	3,160	(248)	1,986	(189)	4,709

25. Financial risk management (Continued)

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk on its interest-bearing assets and liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(i) Hedging

The Group's policy is to maintain at least a significant portion of its debt at fixed interest rate. The Group also uses interest rate swaps to manage the exposure in accordance with its treasury policy. The Group seeks to hedge the benchmark interest rate component only. The existence of an economic relationship between the interest rate swaps and the variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and/or receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the loans. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates.

The following table provides information on the interest rate swaps which have been designated as cash flow hedges of the interest rate risk inherent in the Group's variable rate bank borrowings at the end of the reporting period:

	2024	2023
Notional amount ($ million)	**2,544**	2,801
Maturity date	**2025**	2025
Weighted average fixed swap rates	**2.70%**	2.70%

The carrying amount of interest rate swaps at 31 December 2024 was an asset of $5 million (2023: an asset of $42 million).

(ii) Interest rate profile

The following table details the interest rate profile of the Group's net interest-bearing assets and liabilities at the end of the reporting period, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments (see (i) above):

	2024		2023	
	Weighted average interest rate %	**$ million**	Weighted average interest rate %	$ million
Net fixed rate assets/(liabilities)				
Loans to unlisted joint ventures/ associates	**8.7**	**5,806**	10.1	8,287
Deposits with banks and other financial institutions	**4.3**	**2,712**	5.8	4,139
Cross currency swaps	**N/A**	**1,148**	N/A	443
Bank loans	**3.7**	**(2,503)**	3.7	(2,790)
Lease liabilities	**4.5**	**(4)**	4.0	(4)
		7,159		10,075
Net variable rate assets/ (liabilities)				
Loans to unlisted joint ventures	**7.4**	**2,585**	6.8	4,272
Cash at bank and on hand	**–**	**21**	–	62
Other receivables	**–**	**–**	5.3	84
Bank loans	**5.4**	**(2)**	5.4	(307)
Other payables	**4.3**	**(1,311)**	5.3	(460)
		1,293		3,651

(iii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit for the year and revenue reserve by approximately $10 million (2023: increased/decreased by approximately $26 million). Other components of consolidated equity would have decreased/increased by approximately $2 million (2023: decreased/increased by approximately $20 million) in response to the general increase/decrease in interest rates.

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 analysis has been performed on the same basis as for 2023.

25. Financial risk management (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily arising from investments outside Hong Kong. The Group is also exposed to foreign currency risk arising from foreign currency transactions which give rise to receivables, payable and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The Group manages this risk as follows:

(i) Investments outside Hong Kong

Currency exposure arising from investments outside Hong Kong is mitigated in part either by funding a portion of the investment through external borrowings in the same currency as the underlying investment or by hedging with forward foreign exchange contracts and cross currency swaps. The Group designates the spot element of forward foreign exchange contracts and cross currency swaps to hedge the Group's currency risk. The forward elements of forward foreign exchange contracts and the foreign currency basis spread are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve.

The following table provides information on the forward foreign exchange contracts and cross currency swaps which have been designated as hedges of the currency risk inherent in the Group's investments outside Hong Kong at the end of the reporting period:

	2024	2023
Forward foreign exchange contracts:		
Notional amount ($ million)	**21,315**	20,904
Maturity date	**Ranging from 2025 to 2034**	Ranging from 2024 to 2033
Weighted average contract rate:		
GBP:USD	**1.4169**	1.4022
AUD:USD	**0.6694**	0.6687
USD:CAD	**1.3124**	1.3166
EUR:USD	**1.1316**	1.1284
Cross currency swaps:		
Notional amount ($ million)	**8,518**	8,518
Maturity date	**2027**	2027
Weighted average contract rate:		
AUD:USD	**0.7367**	0.7367

The carrying amount of forward foreign exchange contracts at 31 December 2024 includes an asset of $1,619 million and a liability of $31 million (2023: an asset of $1,060 million and a liability of $318 million). The carrying amount of cross currency swaps at 31 December 2024 includes an asset of $1,148 million and no liability (2023: an asset of $443 million and no liability). The change in fair value of the forward foreign exchange contracts and cross currency swaps during 2024 was a gain of $1,516 million (2023: a loss of $660 million) which were the effective portion of the hedge on investments outside Hong Kong recognised in other comprehensive income (see note 24(d)(i)).

(ii) Recognised assets and liabilities

The Group uses forward foreign exchange contracts and cross currency swaps to manage its foreign currency risk arising from foreign currency transactions. The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate:

	2024 Exposure to foreign currencies		
'million	**USD**	**GBP**	**AUD**
Receivables	**4**	**–**	**5**
Bank deposits and cash	**222**	**31**	**30**
Other payables	**(168)**	**–**	**(6)**
Overall exposure arising from recognised assets and liabilities	**58**	**31**	**29**

	2023 Exposure to foreign currencies		
'million	USD	GBP	AUD
Receivables	21	1	9
Bank deposits and cash	365	32	23
Other payables	(59)	–	(7)
Overall exposure arising from recognised assets and liabilities	327	33	25

Receivables include amounts due from joint ventures and associates, and interest and other receivables.

(iii) Sensitivity analysis

The following table indicates that a 10% strengthening in the following currencies against Hong Kong dollars at the end of the reporting period would have increased/(decreased) the Group's profit for the year and revenue reserve:

$ million	**2024 Effect on profit for the year and revenue reserve increase/(decrease)**	2023 Effect on profit for the year and revenue reserve increase/(decrease)
Pounds Sterling	**31**	33
Australian dollars	**14**	13

25. Financial risk management (Continued)

(d) Currency risk (Continued)

(iii) Sensitivity analysis (Continued)

A 10% weakening in the above currencies against Hong Kong dollars at the end of the reporting period would have had an equal but opposite effect on the Group's profit for the year and revenue reserve.

This sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit for the year and other components of equity measured in their respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis as for 2023.

(e) Equity price risk

The Group is exposed to equity price changes arising from unlisted equity securities which are held for strategic purposes (see note 16).

All of the Group's unlisted investments are held for long-term strategic purposes. Their performance is reviewed regularly based on information available to the Group.

These unlisted investments do not have a quoted market price in an active market and are recognised as FVPL.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair value measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Recurring fair value measurements

$ million	Fair value measurement at 31 December 2024 categorised into Level 2	Level 3	Total
Financial assets			
Other non-current financial assets	**–**	**1,100**	**1,100**
Derivative financial instruments:			
– Interest rate swaps	**5**	**–**	**5**
– Cross currency swaps	**1,148**	**–**	**1,148**
– Forward foreign exchange contracts	**1,619**	**–**	**1,619**
	2,772	**1,100**	**3,872**
Financial liabilities			
Derivative financial instruments:			
– Forward foreign exchange contracts	**(31)**	**–**	**(31)**

$ million	Fair value measurement at 31 December 2023 categorised into Level 2	Level 3	Total
Financial assets			
Other non-current financial assets	–	1,100	1,100
Derivative financial instruments:			
– Interest rate swaps	42	–	42
– Cross currency swaps	443	–	443
– Forward foreign exchange contracts	1,060	–	1,060
	1,545	1,100	2,645
Financial liabilities			
Derivative financial instruments:			
– Forward foreign exchange contracts	(318)	–	(318)

25. Financial risk management (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(b) Valuation techniques and inputs in fair value measurements

Level 2: The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the end of the reporting period. The fair values of interest rate swaps and cross currency swaps are measured by discounting the future cash flows of the contracts at the current market interest rates.

Level 3: Other non-current financial assets consist of investments in unlisted equity securities and other investments.

The unlisted equity securities are not traded in an active market. Their fair values have been determined using dividend discounted model. The significant unobservable inputs include cost of equity of 13.65% and growth rate of 2.5%. It is estimated that a 0.5% increase/decrease in cost of equity, with other variable held constant, would have decreased/increased the Group's profit for the year and revenue reserve by approximately $13 million/$14 million (2023: decreased/increased by approximately $13 million/$14 million). A 0.5% increase/decrease in growth rate, with other variable held constant, would have increased/decreased the Group's profit for the year and revenue reserve by approximately $14 million/$13 million (2023: increased/decreased by approximately $14 million/$13 million).

Other investments were measured at fair value based on value inputs that are not observable market data but change of these inputs to reasonable alternative assumptions would not have material effect on the Group's results and financial position.

(ii) Fair values of financial assets and liabilities carried at other than fair value

Amounts due from joint ventures and associates, other receivables, other payables and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 31 December 2024 and 2023.

26. Capital commitments

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

	2024 $ million	2023 $ million
Contracted for:		
Capital expenditure for property, plant and equipment	1	–
Authorised but not contracted for:		
Capital expenditure for property, plant and equipment	1	1

27. Contingent liabilities

	2024 $ million	2023 $ million
Guarantees given in respect of a joint venture	–	142

28. Material related party transactions

The Group had the following material transactions with related parties during the year:

(a) Joint ventures

Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to $730 million (2023: $871 million) for the year. The outstanding balances with joint ventures are disclosed in note 14.

28. Material related party transactions (Continued)

(b) Associates

(i) Interest income received/receivable from associates in respect of the loans to associates amounted to $133 million (2023: $352 million) for the year. The outstanding balances with associates are disclosed in note 15.

(ii) Other operating costs included support service charge recovered by an associate amounted to $46 million (2023: $45 million) for the total costs incurred in the provision or procurement of the general office administration and other support services and office facilities. The outstanding balance at 31 December 2024 with the associate was $5 million (2023: $6 million).

(c) Key management personnel remuneration

The emoluments of key management are disclosed in note 11.

Unless otherwise stated the above material related party transactions during the year did not constitute discloseable connected transactions or continuing connected transaction for the Company under the Listing Rules.

29. Substantial shareholder of the Company

The Company is a Hong Kong listed company and its shares are widely held by the public. CK Infrastructure Holdings Limited holds approximately 36.01% of the issued share capital of the Company as at 31 December 2024 and is a substantial shareholder of the Company.

30. Critical accounting judgements and estimates

The methods, estimates and judgements the Directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. Certain critical accounting judgements in applying the Group's accounting policies are described below.

Associates

(a) CKI Spark Holdings No. One Limited holds a 51% attributable interest in Victoria Power Networks Pty Limited. Victoria Power Networks Pty Limited is the holding company of Powercor and CitiPower. Powercor operates and manages an electricity distribution business in western Victoria, Australia. CitiPower distributes electricity to the Melbourne central business district. The Group holds 54.76% of CKI Spark Holdings No. One Limited but the Group does not have control or joint control over it and, therefore, it has been accounted for as an associate.

(b) CKI Spark Holdings No. Two Limited holds a 51% attributable interest in SA Power Networks Partnership. SA Power Networks Partnership is an electricity distributor in South Australia. The Group holds 54.76% of CKI Spark Holdings No. Two Limited but the Group does not have control or joint control over it and, therefore, it has been accounted for as an associate.

31. Company-level Statement of Financial Position

	Note	2024 $ million	2023 $ million
Non-current assets			
Property, plant and equipment		**6**	6
Investments in subsidiaries	31(a)	**31,710**	31,382
		31,716	31,388
Current assets			
Amounts due from subsidiaries	31(b)	**22,153**	18,702
Other receivables		**4**	13
Bank deposits and cash		**2,187**	2,179
		24,344	20,894
Current liabilities			
Amounts due to subsidiaries	31(b)	**(2,378)**	(3,941)
Other payables		**(328)**	(354)
		(2,706)	(4,295)
Net current assets		**21,638**	16,599
Total assets less current liabilities		**53,354**	47,987
Non-current liabilities			
Lease liabilities		**(1)**	(1)
Employee retirement benefit liabilities		**(89)**	(103)
		(90)	(104)
Net assets		**53,264**	47,883
Capital and reserves			
Share capital	24(c)	**6,610**	6,610
Reserves		**46,654**	41,273
Total equity attributable to equity shareholders of the Company	31(c)	**53,264**	47,883

Approved and authorised for issue by the Board of Directors on 19 March 2025.

Tsai Chao Chung, Charles
Director

Chan Loi Shun
Director

31. Company-level Statement of Financial Position (Continued)

(a) Investments in subsidiaries

Particulars of the principal subsidiaries at the end of the reporting period are set out in Appendix 2 on page 138.

(b) Amounts due from/to subsidiaries

Amounts due from/to subsidiaries are unsecured, interest free and recoverable/repayable on demand.

(c) Total equity attributable to equity shareholders of the Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

$ million	Share capital (note 24(c))	Revenue reserve (note 24(d)(iii))	Proposed/ declared dividend (note 24(b))	Total
Balance at 1 January 2023	6,610	38,242	4,347	49,199
Changes in equity for 2023:				
Profit for the year	–	4,699	–	4,699
Other comprehensive income	–	(6)	–	(6)
Total comprehensive income	–	4,693	–	4,693
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	–	–	(4,347)	(4,347)
Interim dividend paid (see note 24(b)(i))	–	(1,662)	–	(1,662)
Proposed final dividend (see note 24(b)(i))	–	(4,348)	4,348	–
Balance at 31 December 2023 and 1 January 2024	**6,610**	**36,925**	**4,348**	**47,883**
Changes in equity for 2024:				
Profit for the year	**–**	**11,374**	**–**	**11,374**
Other comprehensive income	**–**	**17**	**–**	**17**
Total comprehensive income	**–**	**11,391**	**–**	**11,391**
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	**–**	**–**	**(4,348)**	**(4,348)**
Interim dividend paid (see note 24(b)(i))	**–**	**(1,662)**	**–**	**(1,662)**
Proposed final dividend (see note 24(b)(i))	**–**	**(4,348)**	**4,348**	**–**
Balance at 31 December 2024	**6,610**	**42,306**	**4,348**	**53,264**

The net profit for the year of the Company is $11,374 million (2023: $4,699 million) and is included in determining the consolidated profit attributable to equity shareholders of the Company in the financial statements.

All of the Company's revenue reserve is available for distribution to equity shareholders. After the end of the reporting period, the Directors proposed a final dividend of $2.04 per ordinary share, amounting to $4,348 million. (2023: a final dividend of $2.04 per ordinary share, amounting to $4,348 million).

32. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
• Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
• Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
• Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
• HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
• HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Appendix 1

Segment information

	2024						
		Investments					
$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the year ended 31 December							
Reportable segment revenue	–	407	373	139	919	–	919
Result							
Segment earnings	–	407	374	137	918	(372)	546
Depreciation and amortisation	–	–	–	–	–	(3)	(3)
Bank deposit interest income	–	–	–	–	–	123	123
Operating profit	–	407	374	137	918	(252)	666
Finance costs	–	–	–	–	–	(169)	(169)
Share of results of joint ventures and associates	1,038	2,792	1,052	970	4,814	3	5,855
Profit before taxation	1,038	3,199	1,426	1,107	5,732	(418)	6,352
Taxation	–	–	(23)	(210)	(233)	–	(233)
Reportable segment profit	1,038	3,199	1,403	897	5,499	(418)	6,119
At 31 December							
Assets							
Property, plant and equipment and leasehold land	–	–	–	–	–	19	19
Other assets	–	1,287	1,401	415	3,103	809	3,912
Interest in joint ventures and associates	16,676	42,068	19,894	8,767	70,729	8	87,413
Bank deposits and cash	–	–	–	–	–	2,733	2,733
Reportable segment assets	16,676	43,355	21,295	9,182	73,832	3,569	94,077
Liabilities							
Segment liabilities	–	(457)	(1,188)	(23)	(1,668)	(2,423)	(4,091)
Current and deferred taxation	–	–	(6)	(399)	(405)	–	(405)
Interest-bearing borrowings	–	–	–	–	–	(2,505)	(2,505)
Reportable segment liabilities	–	(457)	(1,194)	(422)	(2,073)	(4,928)	(7,001)

$ million	2023						
		Investments					
	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the year ended 31 December							
Reportable segment revenue	–	495	638	159	1,292	–	1,292
Result							
Segment earnings	–	495	638	151	1,284	(367)	917
Depreciation and amortisation	–	–	–	–	–	(4)	(4)
Bank deposit interest income	–	–	–	–	–	218	218
Operating profit	–	495	638	151	1,284	(153)	1,131
Finance costs	–	–	–	–	–	(143)	(143)
Share of results of joint ventures and associates	1,053	2,299	845	1,064	4,208	3	5,264
Profit before taxation	1,053	2,794	1,483	1,215	5,492	(293)	6,252
Taxation	–	–	(50)	(195)	(245)	(4)	(249)
Reportable segment profit	1,053	2,794	1,433	1,020	5,247	(297)	6,003
At 31 December							
Assets							
Property, plant and equipment and leasehold land	–	–	–	–	–	19	19
Other assets	–	1,081	514	366	1,961	824	2,785
Interest in joint ventures and associates	16,572	40,963	21,457	9,697	72,117	8	88,697
Bank deposits and cash	–	–	–	–	–	4,201	4,201
Reportable segment assets	16,572	42,044	21,971	10,063	74,078	5,052	95,702
Liabilities							
Segment liabilities	–	(311)	(680)	(129)	(1,120)	(2,201)	(3,321)
Current and deferred taxation	–	–	(14)	(518)	(532)	–	(532)
Interest-bearing borrowings	–	–	–	–	–	(3,097)	(3,097)
Reportable segment liabilities	–	(311)	(694)	(647)	(1,652)	(5,298)	(6,950)

Appendix 2

Principal subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2024 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Issued share capital	Percentage of equity held by the Company	Place of incorporation/ operation	Principal activity
HK Electric Investments Manager Limited	HK$1	100*	Hong Kong	Trust administration
Hong Kong Electric International Finance (Australia) Pty Ltd	A$2,704,982	100*	Australia	Investing
PAH Gas Infrastructure Limited	GBP330,991,737	100*	United Kingdom	Investment holding
PAI Investment Holdings Limited	HK$2	100*	Hong Kong	Provision of management services
Quickview Limited	US$2	100	British Virgin Islands/ Hong Kong	Investment holding

* Indirectly held

Appendix 3

Principal joint ventures

The following list contains only the particulars of joint ventures as at 31 December 2024 which principally affected the results or assets of the Group:

Name of joint venture	Issued or registered share capital	Percentage of the Group's effective interest	Place of incorporation/ operation	Principal activity	Measurement method
Australian Gas Networks Limited (note (a))	A$879,082,753	27.51	Australia	Gas distribution	Equity
AVR-Afvalverwerking B.V. (note (b))	EUR1	27	The Netherlands	Producing energy from waste	Equity
Canadian Power Holdings Inc. (note (c))	C$137,000,002 Ordinary shares	50	Canada	Electricity generation	Equity
CK William UK Holdings Limited (notes (d) & (e))	GBP5,122,005,121	20	United Kingdom	Investment holding	Equity
Electricity First Limited (note (f))	GBP1	50	United Kingdom	Electricity generation	Equity
Husky Midstream Limited Partnership (note (g))	C$1,153,845,000 Class A units C$621,301,154 Class B units C$1,776,923 General Partnership Interest	48.75	Canada	Oil pipelines, storage facilities and ancillary assets operation	Equity
Northern Gas Networks Holdings Limited (note (h))	GBP71,670,980	41.29	United Kingdom	Gas distribution	Equity
UK Power Networks Holdings Limited (note (i))	GBP610,000,000 Ordinary shares	40	United Kingdom	Electricity distribution	Equity
Wales & West Gas Networks (Holdings) Limited (note (j))	GBP29,027	36	United Kingdom	Gas distribution	Equity
Wellington Electricity Distribution Network Limited (note (k))	NZ$406,500,100	50	New Zealand	Electricity distribution	Equity

Appendix 3 (Continued)

Principal joint ventures (Continued)

Notes:

(a) Australian Gas Networks Limited owns strategic gas distribution networks and transmission pipelines that operate in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

(b) AVR-Afvalverwerking B.V. is owned by Dutch Enviro Energy Holdings B.V., which is principally engaged in the business of waste processing and production and supply of renewable energy from the incineration of waste.

(c) Canadian Power Holdings Inc. holds 49.99% partnership interest in TransAlta Cogeneration L.P. which owns interest in four power plants in Alberta and Ontario, Canada. Canadian Power Holdings Inc. also holds 100% interest in the Meridian gas-fired combined cycle cogeneration plant in Saskatchewan, Canada and 100% interest in Okanagan Wind projects in British Columbia, Canada.

(d) CK William UK Holdings Limited owns 100% interest in the following companies:

Energy Developments Pty Limited
Multinet Group Holdings Pty Limited
DBNGP Holdings Pty Limited
AGI Development Group Pty Limited
Phoenix Energy Group Holdings Limited
UK Renewables Energy Group Limited

Energy Developments Pty Limited owns and operates an energy generation business mainly in Australia. Multinet Group Holdings Pty Limited and DBNGP Holdings Pty Limited operate natural gas distribution and transmission businesses in Australia respectively. AGI Development Group Pty Limited owns and operates gas pipelines and storage facility in Australia. Phoenix Energy Group Holdings Limited operates natural gas distribution and transmission businesses in Northern Ireland. UK Renewables Energy Group Limited owns and operates energy generation businesses in the UK.

(e) CK William UK Holdings Limited owns 66% interest in United Energy Distribution Holdings Pty Limited, which operates an energy distribution business in Australia.

(f) Electricity First Limited holds 50% stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom.

(g) Husky Midstream Limited Partnership has ownership of midstream pipeline and terminal assets in the Lloydminster region of Alberta and Saskatchewan, Canada. Its asset portfolio includes oil pipeline, storage facilities and other ancillary assets.

(h) Northern Gas Networks Holdings Limited operates a gas distribution network in the North and North East of England.

(i) UK Power Networks Holdings Limited owns and operates three regulated electricity distribution networks in the United Kingdom that cover London, South East England and East England. The power networks also include certain non-regulated electricity distribution businesses, which consist predominantly of commercial contracts to distribute electricity to a number of privately owned sites.

(j) Wales & West Gas Networks (Holdings) Limited is engaged in gas distribution in Wales and the South West of England.

(k) Wellington Electricity Distribution Network Limited supplies electricity to Wellington, Porirua and Hutt Valley regions of New Zealand.

Appendix 4

Principal associates

The following list contains only the particulars of associates as at 31 December 2024 which principally affected the results or assets of the Group:

Name of associate	Issued share capital	Percentage of the Group's effective interest	Place of incorporation/ operation	Principal activity	Measurement method
HK Electric Investments and HK Electric Investments Limited (note (a))	8,836,200,000 share stapled units being the combination of 8,836,200,000 units, HK$4,418,100 Ordinary shares and HK$4,418,100 Preference shares	33.37	Cayman Islands/ Hong Kong	Investment holding	Equity
SA Power Networks Partnership (note (b))	N/A	27.93	Australia	Electricity distribution	Equity
Victoria Power Networks Pty Limited (note (c))	A$315,498,640	27.93	Australia	Electricity distribution	Equity

Notes:

(a) HK Electric Investments and HK Electric Investments Limited collectively ("HKEI") holds 100% of The Hongkong Electric Company, Limited ("HK Electric"). HK Electric is responsible for the generation, transmission, distribution and supply of electricity to Hong Kong and Lamma Islands.

(b) SA Power Networks Partnership operates and manages an electricity distribution business in the state of South Australia in Australia.

(c) Victoria Power Networks Pty Limited is the holding company of Powercor Australia Limited ("Powercor") and The CitiPower Trust ("CitiPower"). Powercor operates and manages an electricity distribution business in western Victoria, Australia. CitiPower distributes electricity to the Melbourne central business district in Australia.

Five-Year Group Profit Summary and Group Statement of Financial Position

Five-Year Group Profit Summary

HK$ million	**2024**	2023	2022	2021	2020
Revenue	**919**	1,292	1,265	1,276	1,270
Operating profit	**666**	1,131	1,164	1,501	1,175
Finance costs	**(169)**	(143)	(104)	(125)	(86)
Share of results of joint ventures and associates	**5,855**	5,264	4,778	4,896	5,111
Profit before taxation	**6,352**	6,252	5,838	6,272	6,200
Taxation	**(233)**	(249)	(189)	(132)	(68)
Profit attributable to equity shareholders of the Company	**6,119**	6,003	5,649	6,140	6,132

Five-Year Group Statement of Financial Position

HK$ million	**2024**	2023	2022	2021	2020
Property, plant and equipment and leasehold land	**19**	19	18	20	17
Interest in joint ventures and associates	**87,413**	88,697	84,636	87,135	85,552
Other non-current financial assets	**1,100**	1,100	1,100	1,100	1,100
Other non-current assets	**2,057**	1,527	1,893	1,086	821
Net current (liabilities)/assets	**(589)**	1,110	2,842	1,409	(1,344)
Total assets less current liabilities	**90,000**	92,453	90,489	90,750	86,146
Non-current liabilities	**(2,924)**	(3,701)	(3,632)	(3,983)	(1,380)
Net assets	**87,076**	88,752	86,857	86,767	84,766
Share capital	**6,610**	6,610	6,610	6,610	6,610
Reserves	**80,466**	82,142	80,247	80,157	78,156
Capital and reserves	**87,076**	88,752	86,857	86,767	84,766

Corporate Information

Board of Directors

Executive Directors

Andrew John HUNTER *(Chairman)*
TSAI Chao Chung, Charles *(Chief Executive Officer)*
CHAN Loi Shun
CHENG Cho Ying, Francis

Non-executive Directors

LEUNG Hong Shun, Alexander
LI Tzar Kuoi, Victor
Neil Douglas MCGEE
(Re-designated from Executive Director to Non-executive Director on 1 March 2025)

Independent Non-executive Directors

Stephen Edward BRADLEY
IP Yuk-keung, Albert
KOH Poh Wah
KWAN Chi Kin, Anthony
WU Ting Yuk, Anthony

Audit Committee

IP Yuk-keung, Albert *(Chairman)*
KOH Poh Wah
WU Ting Yuk, Anthony

Remuneration Committee

KOH Poh Wah *(Chairman)*
Andrew John HUNTER
KWAN Chi Kin, Anthony

Nomination Committee

IP Yuk-keung, Albert *(Chairman)*
Stephen Edward BRADLEY
LI Tzar Kuoi, Victor

Sustainability Committee

TSAI Chao Chung, Charles *(Chairman)*
CHAN Loi Shun
IP Yuk-keung, Albert

Company Secretary

Alex NG

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
MUFG Bank, Ltd.

Auditor

KPMG

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www.powerassets.com

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Telephone: (852) 2122 9122
Facsimile: (852) 2180 9708
Email: mail@powerassets.com

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

ADR (Level 1 Programme) Depositary

Citibank, N.A.
Shareholder Services
P.O. Box 43077, Providence,
Rhode Island 02940-3077, U.S.A.
Website: www.citi.com/dr
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Investor Relations

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Ivan CHAN *(Chief Financial Officer)*

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2 Queen's Road Central, Hong Kong

Financial Calendar and Share Information

Financial Calendar

Interim Results Announcement	14 August 2024
Annual Results Announcement	19 March 2025
Closure of Register of Members – Annual General Meeting	16 May 2025 to 21 May 2025 (both days inclusive)
Annual General Meeting	21 May 2025
Ex-dividend Date	26 May 2025
Record Date for Final Dividend	27 May 2025
Dividend per Share	
Interim : HK$0.78	24 September 2024
Final : HK$2.04	10 June 2025

Share Information

Board Lot	500 shares
Market Capitalisation as at 31 December 2024	HK$115,506 million
Ordinary Share to ADR ratio	1:1

Stock Codes

The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Refinitiv	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

This Annual Report is available in both the English and Chinese languages. If shareholders who have received an English copy of this Annual Report wish to obtain a Chinese copy, or vice versa, they may request for it by writing to the share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

This Annual Report has been posted in both the English and Chinese languages on the Company's website at www.powerassets.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. If, for any reason, shareholders who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to the Annual Report, they may request that a printed copy of this Annual Report be sent to them free of charge by mail.

Shareholders may at any time change their choice of language of all future corporate communications, or choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the share registrar, Computershare Hong Kong Investor Services Limited, at the address above-mentioned or by emailing to the Company at mail@powerassets.com.

Power Assets Holdings Ltd.
電能實業有限公司