Annual Report 2023

CK Infrastructure

Energy Infrastructure	Transportation Infrastructure	Water Infrastructure
Waste Management	Household Infrastructure	Infrastructure Related Businesses

GLOBAL INFRASTRUCTURE PLAYER

CK Infrastructure Holdings Limited

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

CKI

A Leading Player in the Global Infrastructure Arena

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

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2023 KEY FIGURES

27
Consecutive Years of
Dividend Growth Since Listing

8,027
Profit Attributable to
Shareholders (HK$ million)

13
Cash on Hand (HK$ billion)

7.7%
Net Debt to
Net Total Capital Ratio

A/STABLE
Standard & Poor's Credit Rating

THE BUSINESS

Investment in
POWER ASSETS
- Power Assets

Infrastructure Investments in
UNITED KINGDOM
- UK Power Networks
- Northumbrian Water
- Northern Gas Networks
- Wales & West Gas Networks
- Seabank Power
- UK Rails (Eversholt)

Infrastructure Investments in
AUSTRALIA
- SA Power Networks
- Victoria Power Networks
- United Energy
- Australian Gas Networks
- Dampier Bunbury Pipeline
- Multinet Gas Networks
- Australian Energy Operations
- Energy Developments (EDL)

Infrastructure Investments in
NEW ZEALAND
- Wellington Electricity
- Enviro NZ

Infrastructure Investments in
CONTINENTAL EUROPE
- Dutch Enviro Energy (AVR)
- ista

Infrastructure Investments in
CANADA
- Canadian Power
- Park'N Fly
- Canadian Midstream Assets
- Reliance Home Comfort

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA
- Shen-Shan Highway (Eastern Section)
- Shantou Bay Bridge
- Panyu Beidou Bridge
- Alliance Construction Materials
- Green Island Cement
- Green Island Cement (Yunfu)
- Guangdong Gitic Green Island Cement
- Yunfu Xiangli Cement

THE PEOPLE

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary

for the year ended 31st December

HK$ million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Profit attributable to shareholders	8,027	7,748	7,515	7,320	10,506	10,443	10,256	9,636	11,162	31,782
Dividends										
Interim dividend paid	1,789	1,764	1,739	1,713	1,713	1,713	1,688	1,587	1,512	1,281
Proposed final dividend	4,661	4,611	4,560	4,510	4,485	4,410	4,309	4,107	3,905	3,716
	6,450	6,375	6,299	6,223	6,198	6,123	5,997	5,694	5,417	4,997

Consolidated Statement of Financial Position Summary

as at 31st December

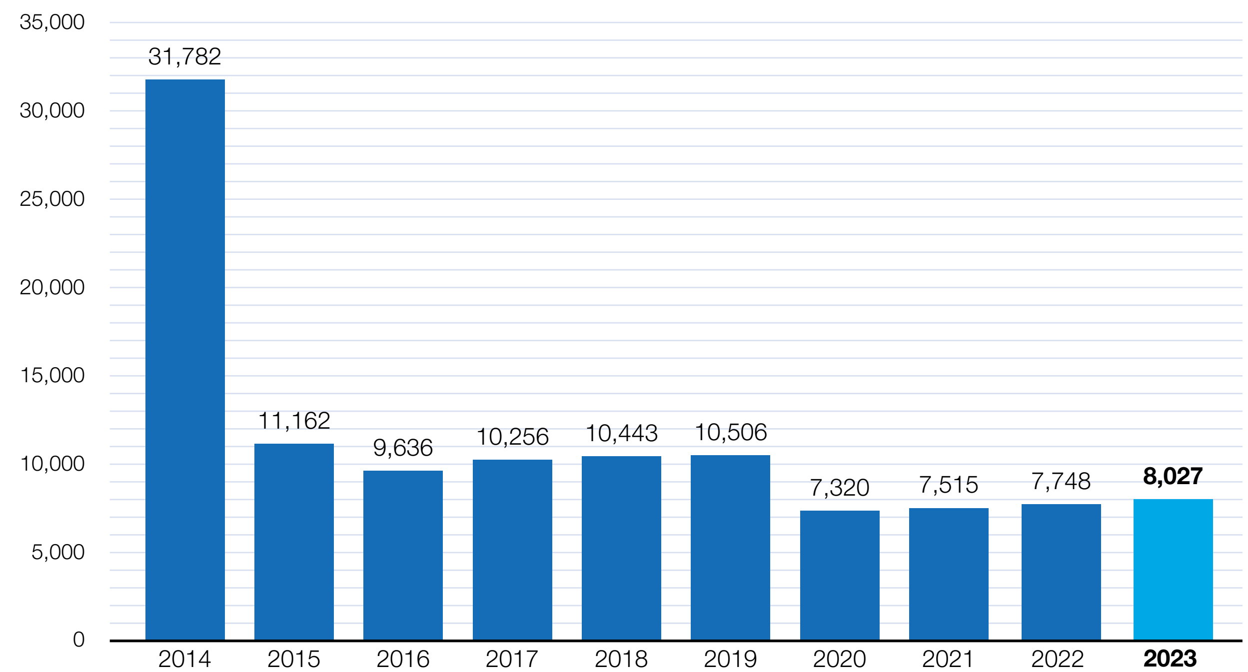
HK$ million	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Property, plant and equipment	3,079	3,017	3,029	2,965	2,805	2,508	2,462	2,404	2,379	2,452
Investment properties	408	408	408	396	398	382	360	344	334	305
Interests in associates	39,240	38,527	37,998	37,133	36,814	38,191	43,108	52,177	54,004	54,135
Interests in joint ventures	104,093	99,302	106,802	106,803	104,952	95,892	98,462	53,973	60,988	52,999
Other financial assets	1,542	1,590	1,613	1,892	1,871	7,821	702	648	1,985	3,889
Derivative financial instruments	624	1,249	441	126	1,107	2,448	1,253	2,178	571	86
Goodwill and intangible assets	2,299	2,246	2,447	2,602	2,486	2,556	2,569	2,554	2,525	2,877
Deferred tax assets	1	3	6	6	3	12	7	29	21	15
Other non-current assets	–	–	–	–	–	–	136	64	17	–
Current assets	14,587	19,525	10,255	15,488	14,748	7,960	10,755	13,539	9,278	9,312
Total assets	165,873	165,867	162,999	167,411	165,184	157,770	159,814	127,910	132,102	126,070
Current liabilities	(16,099)	(12,268)	(16,663)	(11,024)	(10,303)	(6,287)	(15,669)	(13,837)	(3,681)	(6,571)
Non-current liabilities	(16,503)	(24,217)	(20,489)	(30,125)	(28,507)	(29,579)	(25,953)	(7,886)	(17,862)	(17,753)
Total liabilities	(32,602)	(36,485)	(37,152)	(41,149)	(38,810)	(35,866)	(41,622)	(21,723)	(21,543)	(24,324)
Perpetual capital securities	(9,885)	(9,885)	(9,885)	(14,701)	(14,701)	(14,701)	(14,701)	(9,544)	(7,933)	(7,933)
Non-controlling interests	(93)	(104)	(128)	(119)	(69)	(30)	(18)	(38)	(55)	(77)
Equity attributable to shareholders	123,293	119,393	115,834	111,442	111,604	107,173	103,473	96,605	102,571	93,736

Per Share Data

HK$	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Earnings per share	3.19	3.08	2.98	2.91	4.17	4.14	4.07	3.82	4.44	13.03
Dividends per share	2.560	2.530	2.500	2.470	2.460	2.430	2.380	2.260	2.150	2.000
Shareholders' equity – net book value per share	48.93	47.39	45.97	44.23	44.29	42.54	41.07	38.34	40.71	38.42

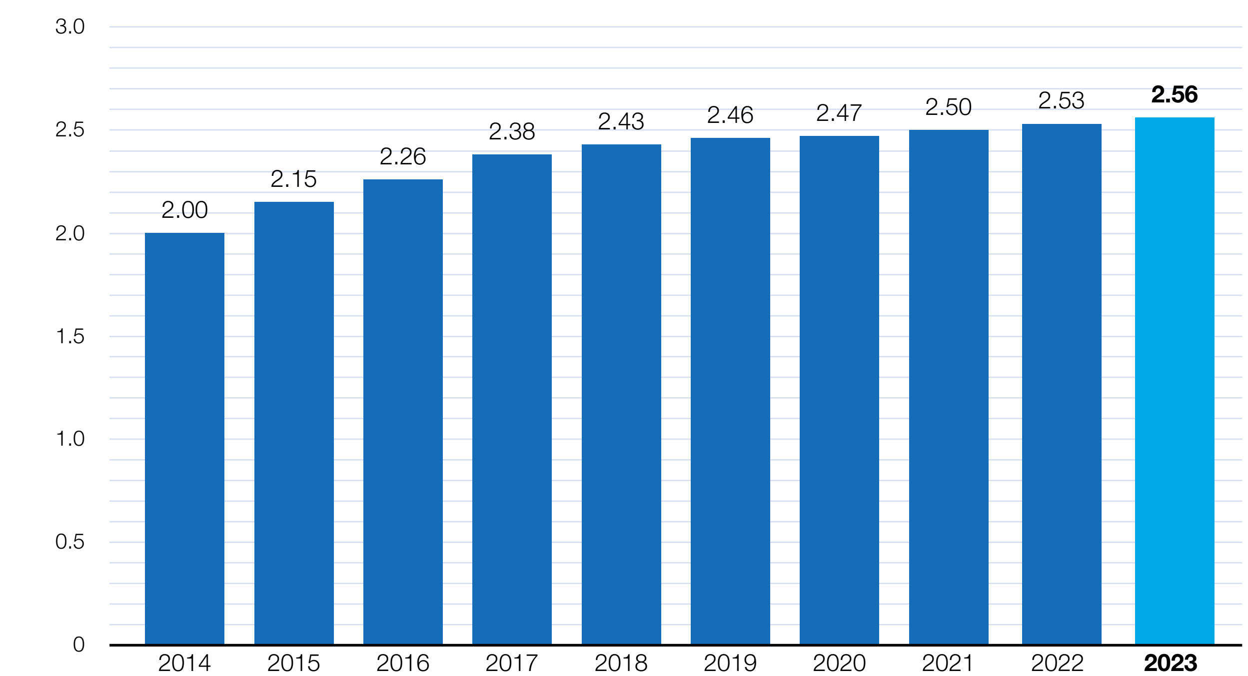
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



CHAIRMAN'S LETTER

RESILIENT PORTFOLIO STEERING STEADY GROWTH

The uncertainties in the global markets remained unabated in 2023. There continued to be geopolitical tensions around the world, and high inflation and interest rate issues persisted.

Amidst this challenging landscape, CK Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") continued to demonstrate its resilience and achieved a steady performance for the year under review. The Group's portfolio is underpinned largely by regulated businesses which generate secure contributions to CKI despite macro economic challenges. The non-regulated businesses of the Group also performed solidly during the year.

GOOD NET PROFIT GROWTH

For the 12 months ended 31st December, 2023, CKI recorded net profit of HK$8 billion, representing a 4% growth over last year. Excluding the one-off gain from the partial sale of Northumbrian Water in 2022, net profit increased by 12% year on year.

RECORD HIGH FUNDS FROM OPERATIONS

During the year under review, funds from operations reached HK$8.6 billion – marking a new high record. Revenue streams from the Group's strong asset base have been steady and robust.

SOLID FINANCIALS – AMPLE CASH, LOW GEARING

CKI has maintained solid financials with cash on hand of HK$13 billion and a low gearing position of net debt to net total capital ratio of 7.7% as at 31st December, 2023. The Group is well positioned to pursue growth opportunities as well as weather challenges.

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

27 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.85 per share. Together with the interim dividend of HK$0.71 per share, the total dividend for the year will amount to HK$2.56 per share, a 1.2% increase over last year. This represents 27 consecutive years of dividend growth since listing. The proposed dividend will be paid on Wednesday, 12th June, 2024, subject to approval at the 2024 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 28th May, 2024.

BUSINESS REVIEW

Power Assets

Profit contribution from Power Assets was HK$2,162 million, representing a growth of 6%.

The international infrastructure portfolio reported good operational performances.

In Hong Kong, HK Electric's 2024-28 Development Plan was approved by the Hong Kong Government. This has provided the capital expenditure framework for addressing upcoming issues, such as climate change and emissions control, for the next five years.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was HK$3,050 million in 2023, about the same as that of the previous year. (In local currency, the result was a decrease of 22%.) Taking out the one-off disposal gain of the partial sale of Northumbrian Water in 2022, the increase in profit contribution would be in double digits.

UK Power Networks commenced its current regulatory regime on 1st April, 2023. This provides predictable and stable recurring revenue for the next five years. A testimony of the company's outstanding performance, UK Power Networks was named "Utility of the Year" at the Utility Week Awards 2023, marking the fourth time it has received this prestigious accolade.

Northumbrian Water was ranked as the top operational performer by the water regulator, Ofwat, in the area of customer satisfaction in the Water Company Performance Report 2022-2023. Additionally, in the annual Water Company Survey conducted by British Water, Northumbrian Water was given the highest score for innovation.

Northern Gas Networks and Wales & West Gas Networks continued to deliver satisfactory performance. Both companies are supportive of initiatives to promote hydrogen blended fuel and are working on opportunities in this arena.

A steady performance was achieved by UK Rails, having renewed leases for a number of fleets.

Australian Infrastructure Portfolio

In Australia, profit contribution decreased by 6% over the previous year to HK$1,855 million. (In local currency, the result was a decrease of 2%.) The drop is mainly caused by weak currency exchange and a lower contribution arising from the regulatory resets for Australian Gas Networks ("AGN") and Multinet Gas Networks.

The Group's electricity distribution networks comprise SA Power Networks, Victoria Power Networks (which owns CitiPower and Powercor) and United Energy. They all performed well during the year under review. In the 2023 Annual Benchmarking Report, the Australian Energy Regulator ("AER") ranked SA Power Networks, CitiPower, Powercor and United Energy first, second, fourth and fifth respectively among the country's 13 distribution networks based on their total productivity.

SA Power Networks engaged with stakeholders in 2023 for preparation of its 2025-30 regulatory proposal for submission to the AER in early 2024. In recognition of the company's response to one of South Australia's worst natural disasters – the River Murray Floods – SA Power Networks was presented with the Health and Safety Award for the energy sector at the Premier's Awards for Mining and Energy.

At Victoria Power Networks, a number of large scale electricity infrastructure upgrade projects have been carried out and energy transition initiatives relating to solar energy have been implemented.

The Victorian networks of AGN and Multinet Gas Networks entered into new regulatory resets on 1st July, 2023, providing the Group with predictable income streams for the coming five years. Hydrogen Park South Australia ("HyP SA") which was built by AGN, has been smoothly delivering 5% blended renewable hydrogen to homes in the southern part of Mitchell Park in South Australia. The facility features the largest electrolyser in operation in the country. AGN's two other hydrogen parks are in the pipeline – one in Queensland and another in Victoria. Regarding Dampier Bunbury Pipeline, strong performance was reported as gas volume increased.

EDL performed well, achieving higher electricity and green revenue. The Jabiru Hybrid Renewable Power Station was named Project of the Year – People & Projects Northern Division at Engineers Australia Excellence Awards 2023.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution declined by 19% to HK$535 million. (In local currency, the result was a decrease of 21%.) This decline is attributed to the negative impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023. There were no casualties during the fire incident and the costs of rebuilding the plant and resulting income losses are expected to be substantially covered by insurance. Part of the operations has restarted at the end of 2023. Meanwhile, Dutch Enviro Energy's other plant at Duiven reported a solid performance.

ista made a number of bolt-on acquisitions in 2023. They include a Spanish service provider of intelligent heating management and two individual sub-metering companies operating in the southern region of Germany.

Canadian Infrastructure Portfolio

In Canada, profit contribution increased 5% to HK$648 million. (In local currency terms, profit contribution increased by 10% year on year.) Performance of all the Canadian businesses was good.

During the Covid years, Park'N Fly business experienced a low ebb due to travel restrictions. The business bounced back from pandemic lows to achieve higher revenues in 2023. As for Reliance Home Comfort ("Reliance"), rental product diversification continued, increasing recurring revenues from higher value-added products. Both Canadian Power and Canadian Midstream Assets reported steady earnings.

New Zealand Portfolio

In New Zealand, profit contribution of HK$168 million was recorded, 1% increase as compared to last year. (In local currency terms, profit contribution was an increase of 3%.)

The performances of both Enviro NZ and Wellington Electricity continued to be steady in 2023.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI's portfolio recorded profit contribution of HK$117 million, a decrease of 40%. Infrastructure materials manufacturing business in Mainland China reported a weak performance with both volume and price impacted as a result of a major decline in construction activities in China.

SUSTAINABILITY AND DECARBONISATION

CKI remains at the industry forefront in meeting the challenges presented by climate change. The electricity distribution networks under the Group are supporting a plethora of initiatives from launching smart grid schemes, facilitating Electric Vehicle charging to integrating renewable energy sources such as solar, wind and waste gases. In addition, EDL continued to be a leading global sustainable energy provider. As for CKI's gas distribution companies, the application of hydrogen fuel is a key priority, while Dutch Enviro Energy and Enviro NZ are their respective countries' major players in waste management and recycling. UK Rails' battery trains, ista's new heating, energy and water consumption tracking devices, as well as Canadian Power's Okanagan wind farms and HK Electric's Offshore LNG Receiving Terminal are all major sustainability projects facilitating decarbonisation. They are also making good contributions to bottom lines.

Furthermore, CKI will also study new investment opportunities that arise from this global decarbonisation journey as part of the overall business development strategy.

OUTLOOK

The uncertain market conditions that have prevailed over the past years continue to persist around the world. Challenges remain in the geopolitical landscape and in the inflationary, high interest rate environment. Against this backdrop, CKI's resilient strength stands firm. Given the stable regulatory framework that underpins a large proportion of CKI's business portfolio, steady, recurring incomes are expected. The Group's non-regulatory businesses are also generating good contributions with bright growth prospects. ista and Reliance have become 1 billion revenue businesses in their respective currencies (Euro and Canadian dollars) and EDL's sustainable energy focus meets the substantial market demand in addressing environmental concerns impeccably.

Furthermore, with a strong financial position, CKI has an edge in capturing new opportunities in volatile economic conditions. Together with other strategic partners within the CK Group, including CK Asset and Power Assets, who also have very solid financials, CKI is well placed to capitalise on investment opportunities, whether in our existing industries or new ones, as they arise around the globe.

While CKI is driven and ambitious when it comes to growth, we also remain conservative in terms of financial management. Financial discipline and prudence are key tenets of the Group's values and we uphold our track record of carefully balancing continued earnings growth with a comfortable gearing position. Striking the optimum balance between stability and growth is our mantra. There is no "must win" mantra when it comes to our expansion plans.

I would like to take this opportunity to thank the Board for their ongoing support, our talented staff for their achievements and our stakeholders for their continued commitment.

VICTOR T K LI
Chairman

20th March, 2024

GROUP MANAGING DIRECTOR'S REPORT

" Serendipity and fateful turn of events over the past 27 years had brought us all together under the same family unit. This criss-crossing of paths not only led to changes in the lives of staff members of those 26 member companies, but also had a long term positive impact on the CKI Group."

H L KAM

Group Managing Director

FAMILY SPIRIT DRIVES CKI GROWTH

2023 – ANOTHER FRUITFUL YEAR FOR CKI

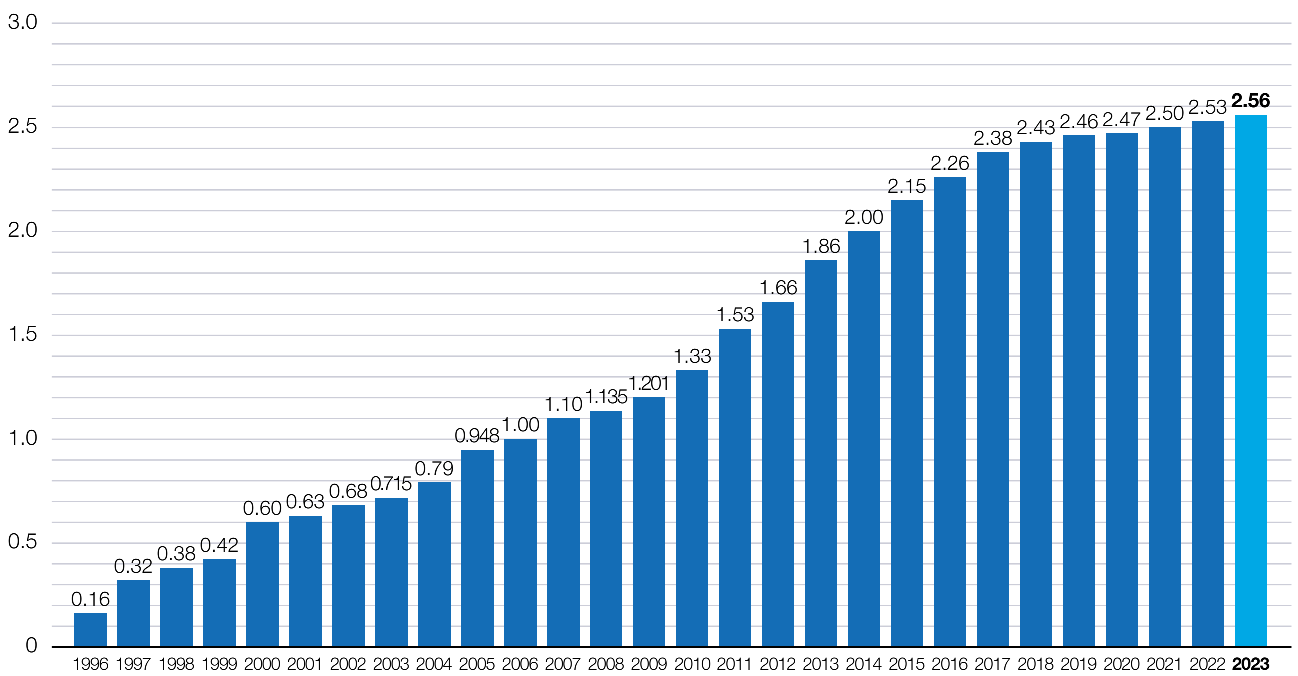
2023 was another year of steady progress for CKI, marked by satisfactory financial and operating results. The regulated businesses under the Group's portfolio continued to generate solid contributions to CKI and the non-regulated businesses also performed exceedingly well.

Two particularly notable achievements were made in 2023:

(1) As all the businesses recorded good performances in 2023, funds from operations reached HK$8.6 billion – marking a new record high.

(2) CKI's total dividend for 2023 continued to increase, representing 27 consecutive years of dividend growth. CKI has been one of the very few listed companies in the world that has sustained a dividend growth streak of 27 consecutive years since its initial offering in 1996.

Dividend per Share since Listing in 1996



CKI – A GLOBAL FAMILY OF DIVERSIFIED BUSINESSES

Our portfolio's global coverage and industry diversification is the key attribute that makes CKI unique and resilient. Over the years, CKI has weathered the challenges of the macroeconomic environment as its diversified portfolio helped maximise market opportunities while simultaneously spreading risk.

Globalisation

Listed in 1996, CKI began as a regional infrastructure company with a focus in Hong Kong and Mainland China. In July 1999, CKI made its first overseas foray in Australia. Since then, we have continued to expand our presence in different places around the world. Through our globalisation efforts, CKI Group has become one of the biggest foreign investors in a number of countries, and has built a sizeable portfolio of quality assets worldwide.

Industry Diversification

Over the years, as we continued to expand to new locations, we also gained significant footholds in different industries. In the early years, we focused primarily on traditional infrastructure businesses, but since then, we have diligently developed a balanced and diversified portfolio comprising a variety of capital-intensive businesses that yield steady recurring earnings and cash flow. Our diversified investments now cover Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses.

Formation of CKI's Global Family

Since listing in 1996, CKI has formed a large global family comprising 26 member companies. These member companies joined at different intervals along our development path, and each acquisition has its own story to tell. Serendipity and fateful turn of events over the past 27 years had brought us all together under the same family unit. This criss-crossing of paths not only led to changes in the lives of staff members of those 26 member companies, but also had a long term positive impact on the CKI Group.

Today, CKI is engaged in diversified infrastructure businesses that span across Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and Canada. The addition of new member companies over the years shaped the evolving DNA of our global family, helping us to grow stronger, more diversified, and more resilient.

UNIQUENESS OF THE CKI FAMILY

One of the key components of CKI's long term development strategy is acquiring new businesses with good, stable returns, and then further driving their organic growth and value creation. Every CKI member company is engaged in infrastructure businesses that are essential to our daily lives or are functionally important to local communities. One of our strengths lies in our ability to drive organic growth of quality assets. As a long term investor, we are looking for steady and recurring contributions from our member companies. This strategy has served us well in our expansion journey over the years.

In every instance where CKI enlisted a new company to our Group, the tangible assets acquired have been important, but the knowledge and experience of the local teams have proven to be truly invaluable. Through due diligence and extensive research and analysis, we have succeeded in acquiring many quality assets, but we also fully recognise the unique value of our global talent pool. We understand that what drives the organic growth of our member companies is the people who had been excelling at it all along. This is why we strive to cultivate a strong family spirit that helps retain our loyal and dedicated talents.

One of CKI's characteristics is that we empower local management teams to run the day-to-day businesses of our member companies overseas. The management teams of each member company are usually locally formed and groomed. A number of our Board members, CEOs and senior executives around the world have been a part of our family for a long time.

THE GROUP DNA THAT CANNOT BE EASILY REPLICATED

Strong, enduring families are committed, manage crises effectively, and show mutual respect and appreciation. It is this CKI Family Spirit that contributes to our sustained growth. CKI's success in navigating the difficulties of the past few years is attributed to the 30,000+ talented and dedicated people who make up the CKI global family with its unique culture.

Our colleagues' unwavering commitment to excellence and integrity in performing their duties are not only crucial to their respective communities, but also instrumental in the growth and development of CKI. The loyalty, commitment and passion of our worldwide employees is our Group DNA that cannot be easily replicated.

FATE BINDS US TOGETHER, PEOPLE DRIVE OUR GROWTH – AS ILLUSTRATED BY THE THREE MEMBER COMPANIES' ANNIVERSARY CELEBRATIONS IN 2023

As 26 member companies have joined the CKI Family over the years, it is natural for us to hold anniversary celebrations of the various acquisitions every year. Three of these member companies celebrated their milestone anniversaries in 2023:

(1) Wellington Electricity, the electricity distributor in Wellington, the capital city of New Zealand, and the surrounding greater Wellington area, celebrated its **15th anniversary** as a member of the CKI family;

(2) Enviro NZ (formerly known as EnviroWaste), based in Auckland, the largest city in New Zealand, which specialises in environmentally responsible solutions for New Zealand's communities and businesses, marked its **10th anniversary**, and;

(3) Dutch Enviro Energy, which owns AVR – the largest waste-to-energy company in the Netherlands, marked its **10th anniversary**.

Three Companies Celebrated their Anniversaries in 2023 and their Contributions to CKI's Globalisation and Diversification

There is a story of fate behind each acquisition, and in each case, our preparation and ability to capitalise on timely investment opportunities, along with a healthy dose of good fortune led to favourable outcomes that continue to have a positive impact on all those involved. We participated in the competitive bids for the three businesses in 2008 and 2013 respectively. Through a confluence of strategy, track record and luck, CKI won the respective bids and received approval from local authorities to acquire the businesses.

Each acquisition has been instrumental to the growth and development of CKI:

- Wellington Electricity marked CKI's first entry into the New Zealand market in 2008, extending CKI's geographical footprint in Australasia from South Australia (SA Power Networks), Victoria (Victoria Power Networks) to New Zealand.
- Following the successful integration of Wellington Electricity in 2008, Enviro NZ joined CKI as our second project in New Zealand in 2013. The addition of Enviro NZ means CKI's portfolio was further diversified to cover the waste management and recycling business. The nature of this business is unlike traditional energy infrastructure, but nonetheless it is capital-intensive, large-scale and essential to local communities.
- In 2013, CKI formed a consortium with Cheung Kong (Holdings) and Power Assets to acquire AVR, a European company engaged in the waste-to-energy business. The acquisition represented CKI's first investment in Continental Europe. Operating under the name of "Dutch Enviro Energy", the business bolsters the "non-traditional" component of CKI's business, and further enriched, strengthened and diversified CKI's infrastructure portfolio.

Individual Organic Growth under Local Management

Two of these companies (Enviro NZ in New Zealand and Dutch Enviro Energy in the Netherlands) joined the CKI Family in 2013, and the other (Wellington Electricity in New Zealand) joined in 2008. Partnerships with CKI lasting 15 years and 10 years are not uncommon, with each signifying a milestone in the development of the company. The senior management of these three companies are local talents, many of whom were members of their companies at the time of the acquisition, and they continue to work with us today. These loyal local management teams have become trusted partners of CKI, contributing to and participating in our collective success.

Mr. H L Kam (middle) at the anniversary celebration with Wellington Electricity in 2023. Mr. Richard Pearson, Chairman (3rd from right) and Mr. Greg Skelton, CEO (3rd from left) are first generation management team members and they are still with the company as of today.

Wellington Electricity

Before joining CKI in 2008, Wellington Electricity's operations relied on resources from a listed energy company in New Zealand. Only 12 staff members were transferred to the Wellington Electricity's networks as part of the acquisition. Due to the proximity advantage, we leveraged Victoria Power Networks' resources to conduct due diligence during the bidding process. Following the handover, Victoria Power Networks' management helped recruit and establish Wellington Electricity's first management team.

Coincidentally, some of the senior positions were filled by outstanding executives who had been associated with our group of companies in one capacity or another. We coaxed two senior executives to come out of their retirement to lead as Chairman and Company Secretary. The first CEO of Wellington Electricity was appointed in 2009, a few months after the acquisition. We are grateful that these senior executives continue to play a key role in driving business growth and preparing the company for future-readiness.

Enviro NZ (formerly EnviroWaste)

In Enviro NZ's 10-year development course under CKI, the company's operational scale has grown exponentially larger. Its fleet of waste collection trucks has expanded from 290 to 650 vehicles. Their local management team has been steering the growth of the company, riding out the rough times during the Covid pandemic.

Mr. H L Kam (1st from left, front row) joined the anniversary celebration of Enviro NZ in 2023. Mr. Richard Pearson, Chairman (1st from left, middle row); Mr. Chris Aughton, CEO (2nd from left, middle row); Mr. Jason Miles, CFO (left, back row) and Mr. Eddy Tsang, Executive Director (2nd from right, front row) are the key management members who joined Enviro NZ in the early days and are still serving now.

The majority of the management team members of Enviro NZ has remained with the company since joining CKI in 2013. In 2018, five years after the acquisition, the CEO retired. As fate would have it, the successor we identified had been an Independent Director when we acquired Enviro NZ in 2013. We are grateful that he re-joined the company to help take the company to the next level. Likewise, the current CFO is a New Zealander who was working in London at the time. He was already making plans to move back to New Zealand when we approached him in 2014. The stars were perfectly aligned for him to make this transition that brought him back to his native home.

In 2023, the management rebranded the company name from EnviroWaste, as it was previously called, to "Enviro NZ", to reflect the new corporate vision. This move underscores the commitment of Enviro NZ to further develop and invest in solutions that help New Zealand reduce the waste footprint.

Dutch Enviro Energy

Since joining the CKI family in 2013 under the name of its holding company Dutch Enviro Energy, AVR has diversified its energy supply to include steam in addition to electricity, added pre-treatment installation for plastics, and launched CO_2 capture facilities, the first waste facility of its kind in Europe. Their local management team works diligently to handle complex sets of issues with aplomb.

A number of AVR's C-suite level executives has remained with us since the acquisition. Among the nine board and management members in the photo taken in 2013 when the acquisition took place, four are from the CKI head office team, and five are local management members. Little did we know that we would develop strong personal and business ties that would span over a decade. We are grateful that eight out of these nine members found an enduring home with CKI and to this day continue to shape the future of Dutch Enviro Energy.

The photo was taken at the Rozenburg plant in 2013. Of the nine key Dutch Enviro Energy management members, eight are still working with CKI Group today. They are: (from right to left) Mr. Jasper de Jong, Commercial Director; Mr. Yves Luca, CEO; Mr. H L Kam, Non-executive Director; Mr. Andrew Hunter, Executive Director; Mr. Neil McGee, Chairman; Mr. Rob de Fluiter Balledux, CFO; (from left to right) Mr. Duncan Macrae, Non-executive Director and Mr. Charles Tsai, Executive Director.

Loyal Local Staff Members

Most of our member company staff members are loyal and have served in their companies for a long time. We value not only their knowledge and skills as important to the delivery of service on a day-to-day basis, but also their passion and commitment as key contributors to the outstanding performance of their respective member companies.

Taking these three anniversary companies as example, we consider it a true blessing that most of their staff members are long-tenured.

- Wellington Electricity: Out of the 12 staff members transferred from its ex-parent company in 2008, 7 are still with the company as of today.
- Enviro NZ: Out of 500 staff members at the time of acquisition a decade ago, 142 are still serving in the company.
- Dutch Enviro Energy: Of the 391 staff members on the payroll in 2013, 230 remain with the company to this day.

As a long-term investor, CKI is committed to developing and grooming its member companies and their people. This is clearly reflected by the growth in the number of staff in these and other member companies. During the course of development, some staff members had departed, but many more have joined.

We can reasonably assume that staff members who stayed with us are happy with the change of ownership. We also work to ensure that newcomers share the same vision, passion, and culture of our member companies, and that they are made to feel secure and appreciated as part of the CKI family. As I mentioned earlier, "fate" brought us together as a family, but it is the individual staff members who choose to make it their home. This unity and commitment enables us to grow stronger together. Most importantly, our family spirit continues to attract other talented people who bring their unique knowledge and expertise to give us the perpetual momentum needed in this challenging environment to move forward.

PEOPLE ARE OUR DRIVING FORCE

If fate brings us together, then certainly individual and collective human efforts drive us toward success. As illustrated by the three member companies that celebrated their anniversaries in 2023, both the local management teams and their employees remain loyal and committed to the CKI family. We are grateful to have such a large, diverse group of people as our human capital, and we reward their efforts appropriately to recognise their value to our Family.

As mentioned, CKI's operation philosophy is to provide support to local management teams to maximise opportunities in their respective markets. Our head office has learned when to refrain from interference and when to lend greater support. It is this art of balance that fosters a harmonious yet constructive relationship with our member companies, empowering local colleagues to drive their companies forward.

OUR GROWTH STORY WILL CONTINUE

Maintaining a streak of 27 years of dividend growth is an accomplishment in itself. Looking back, in building our global family, we have been fortunate enough to capture opportunities to invest in quality assets that can generate steady and recurring returns. It is truly a blessing that the relationship between the head office and our member companies remains intimate even as the family continues to expand. I am also grateful to have witnessed the organic growth of our member companies. I attribute the success of each member company to their respective local staff members and the CKI spirit. This Family Spirit binds us together as a tightly knit unit, fostering a seamless collaboration that enables our story of growth to be sustained. I am confident that in future years, we will have many more stories to share during our member company anniversary celebrations.

H L KAM
Group Managing Director

20th March, 2024

LONG TERM DEVELOPMENT STRATEGY

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

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

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

1. TO DRIVE VALUE FROM THE GROUP'S EXISTING PORTFOLIO

CKI strives to drive organic growth and value creation from its existing portfolio. There are significant capital deployment opportunities within our existing portfolio, as businesses such as energy and water networks require investment to accommodate the changing landscape, including to support the ongoing energy transition. Innovations and synergies across the Group help us to learn from experiences and implement global best practices across our businesses, which helps to drive further value creation. CKI's head office sets targets, provides guidance and support, and works with local management to address challenges and optimise business performance.

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

When studying a potential acquisition, CKI focuses on the fundamentals of the target and adopts a value-add approach. Even as the infrastructure sector has become intensely competitive, CKI never adopts a "must-win" mindset in a bidding situation. Stringent investment criteria must be met which in turn, maximise risk-based returns and provide stable recurring cashflows. The Group seeks investments in industries where it can capitalise on existing knowledge, and favours countries that have established legal systems and transparent regulatory regimes. CKI's global footprint and strong local management teams also position us well to originate and execute on growth opportunities, in both existing and adjacent markets or industries. Our investment philosophy and local market knowledge ensure that we are disciplined and experienced when evaluating growth opportunities, so that we can maintain a high performing and resilient portfolio of assets.

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

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2023, CKI had cash on hand of HK$13 billion, and gearing remained low at a net debt to net total capital ratio of 7.7%. CKI enjoys low funding cost with a Standard & Poor's "A/Stable" rating. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

4. TO CONTINUE OUR SUSTAINABILITY JOURNEY

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

CORPORATE CULTURE

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

AWARDS

CK INFRASTRUCTURE

Hong Kong Institute of Financial Analysts and Professional Commentators
- Outstanding Listed Company Award 2023

UK POWER NETWORKS

Utility Week Awards
- Utility of the Year Award
- Digital Transformation Award

The Institute of Customer Service
- UK Customer Satisfaction Index
  – The Best in the UK (Utilities Category)
- UK Customer Satisfaction Awards
  – Customer Feedback Strategy – Winner

The Office of Gas and Electricity Markets
- Stakeholder Engagement and Consumer Vulnerability Incentive Panel – The Best in the UK

Best Big Company to Work For
- Second in the UK
- The Best in the Utilities Sector
- Lifetime Achievement Award

The Investors in People Awards
- Platinum
- The Award for Leadership and Management – Winner
- The Award for Social Responsibility (500+ people) – Finalist

Britain's Most Admired Company
- Energy Distribution and Supply Sector – Winner

UK National Contact Centre Awards
- Large Contact Centre of the Year – Gold Winner
- Leadership Team of the Year – Gold Winner

Umbraco Awards
- Jury's Choice Award

City of London's Considerate Contractor Streetworks Scheme Award
- Gold Award

Digital Impact Awards
- Best Use of Digital from the Energy and Utilities Sector – Gold
- Best Use of Digital to an Investment Audience – Highly Commended

Street Works UK Awards
- Innovation Excellence

Inclusive Top 50 Employers
- Gold Award
- Second in the UK

Ernst & Young
- The National Equality Standard

European Contact Centre and Customer Service Awards
- Best Customer Experience Redesign Award

WALES & WEST GAS NETWORKS

The Royal Society for the Prevention of Accidents Health & Safety Awards 2023
- President's Award

Utility Week Award
- Skills & Diversity Award

NORTHUMBRIAN WATER

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

Ethisphere Institute
- World's Most Ethical Companies List

Ofwat
- Measure of Customer Satisfaction and Experience

British Water – Water & Wastewater Company Performance Survey
- Company of the Year – 2nd Overall / 1st in England
- Innovation – First Place

British Standards Institution (BSI)
- Inclusive Service Kitemark

Chartered Institute of Marketing – Global Marketing Excellence Awards 2023
- Best Employer Brand Programme

Corp Comms Awards
- Best Live Event

Chartered Institute of Public Relations (CIPR) PRide Awards 2023
- Consumer Relations Campaign (North East)
  – Gold Winner

North East Better Health at Work Award
- Better Health at Work Award
  – Maintaining Excellence

NORTHERN GAS NETWORKS

Institution of Gas Engineers & Managers
- Gas Industry Awards 2023 – Innovation Award

British Standards Institution (BSI)
- Inclusive Service Kitemark

The Scouts Association
- Better Together Awards
  – Most Creative Partner

UK RAILS

Railway Innovation Awards 2023
- Innovation Category – Winner

The Golden Spanner Awards 2023
- Golden Spanner for Class 225, Class 222 and Class 171 Fleets
- Silver Spanner for Class 170 and Class 195 Fleets

AWARDS

SA POWER NETWORKS

Premier's Awards for Mining and Energy
- Energy Sector: Health and Safety – Winner
- Energy Sector: Innovation and Collaboration – Winner

Australian Institute of Energy (AIE)
- SA Energy Project of the Year Award

Australian Institute of Project Management (AIPM)
- Project Management Achievement Awards – Project Winner & Project of the Year

State Emergency Service & Premier of South Australia
- Recognition of Outstanding Collegiality and Cross-government Support for the River Murray Floods

VICTORIA POWER NETWORKS

Clean Energy Council Awards 2023
- First Nations Engagement and Participation Award – Finalist

National Safety Awards of Excellence
- Best WHS Training Program – Finalist

AUSTRALIAN GAS INFRASTRUCTURE GROUP

Premier's Awards in Energy and Mining
- Energy Sector – Community Category – Winner

Valorify
- Plant of the Year

Good Company
- Top 40 Best Workplaces to Give Back 2023 in Australia

ENERGY DEVELOPMENTS (EDL)

Engineers Australia Excellence Awards
- People & Projects Northern Division – Project of the Year (Jabiru Hybrid Renewable Power Station)

WELLINGTON ELECTRICITY

Electricity Engineers' Association (EEA) Conference
- Best Paper – Member Award

ISTA

The German Chamber of Foreign Trade in Spain (AHK Spain)
- Energy Efficiency in the Building Sector – Innovative Reference Project

Climatización y Refrigeración (C&R) 2023
- "Gallery of Innovation" – The 20 Most Innovative Products of the Year

RELIANCE HOME COMFORT

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

Canadian Home Builders Association
- 2023 Award of Honour

The Herald-Tribune
- Sarasota-Manatee Top Workplaces 2023

Trane
- Top Ten Dealer

Carrier
- President's Award

Durham Region Home Builders Association
- 2023 Awards of Excellence – Supplier of the Year

Niagara Home Builders Association
- 2023 Awards of Excellence – Supplier of the Year

United Way Halton & Hamilton
- The Game Changer Award

Nextdoor Neighborhood
- 2023 Neighborhood Faves

Best of Home Stars 2023
- Heating & Cooling Category (Ontario, Manitoba, Alberta, Saskatchewan) – Best of 2023
- Heating & Cooling Category (Ontario, Manitoba) – Best of the Best 2023

GREEN ISLAND CEMENT

Occupational Safety & Health Council
- Safety Performance Award (All Industries Category) – Outstanding Award
- Occupational Safety & Health Annual Report Award – Merit Award
- Joyful @ Healthy Workplace Best Practices Award (Enterprise / Organisation Category) – Grand Award

BOCHK Corporate Low-Carbon Environmental Leadership Awards
- Manufacturing Sector – Bronze Award

Employees Retraining Board Manpower Developer Award Scheme
- Manpower Developer (2014 – 2025)

Hong Kong Awards for Environmental Excellence
- Manufacturing and Industrial Services – Certificate of Merit

Hong Kong Green Awards 2023
- Green Management Award – Corporate (Large Corporation) – Gold
- Sustained Performance (13 Years+)

Mandatory Provident Fund Schemes Authority
- Best All-round MPF Employer Award
- Good MPF Employer 5 Years+

ALLIANCE CONSTRUCTION MATERIALS

Green Building Award 2023
- Pioneer Award for Green Building Leadership – Green Products & Technologies Business

Hong Kong Green Awards 2023
- Corporate Green Governance Award – Environmental Monitoring & Reporting

The Hong Kong Construction Association (HKCA) Construction Safety Awards
- Proactive Safety Contractor Award
- Safe Supervisors Award
- Safe Person-in-Charge Award

Hong Kong Awards for Environmental Excellence
- Manufacturing and Industrial Services Sector – Certificate of Merit

Occupational Safety & Health Awards
- Occupational Safety & Health Annual Report Award – Silver Award
- Safety Performance Award (SME) – Outstanding Award

Hong Kong Green Organisation Certification
- Wastewi$e Certification (Good Level)

Investment in
POWER ASSETS

Infrastructure Investments in
NEW ZEALAND

Infrastructure Investments in
UNITED KINGDOM

Infrastructure Investments in
CONTINENTAL EUROPE

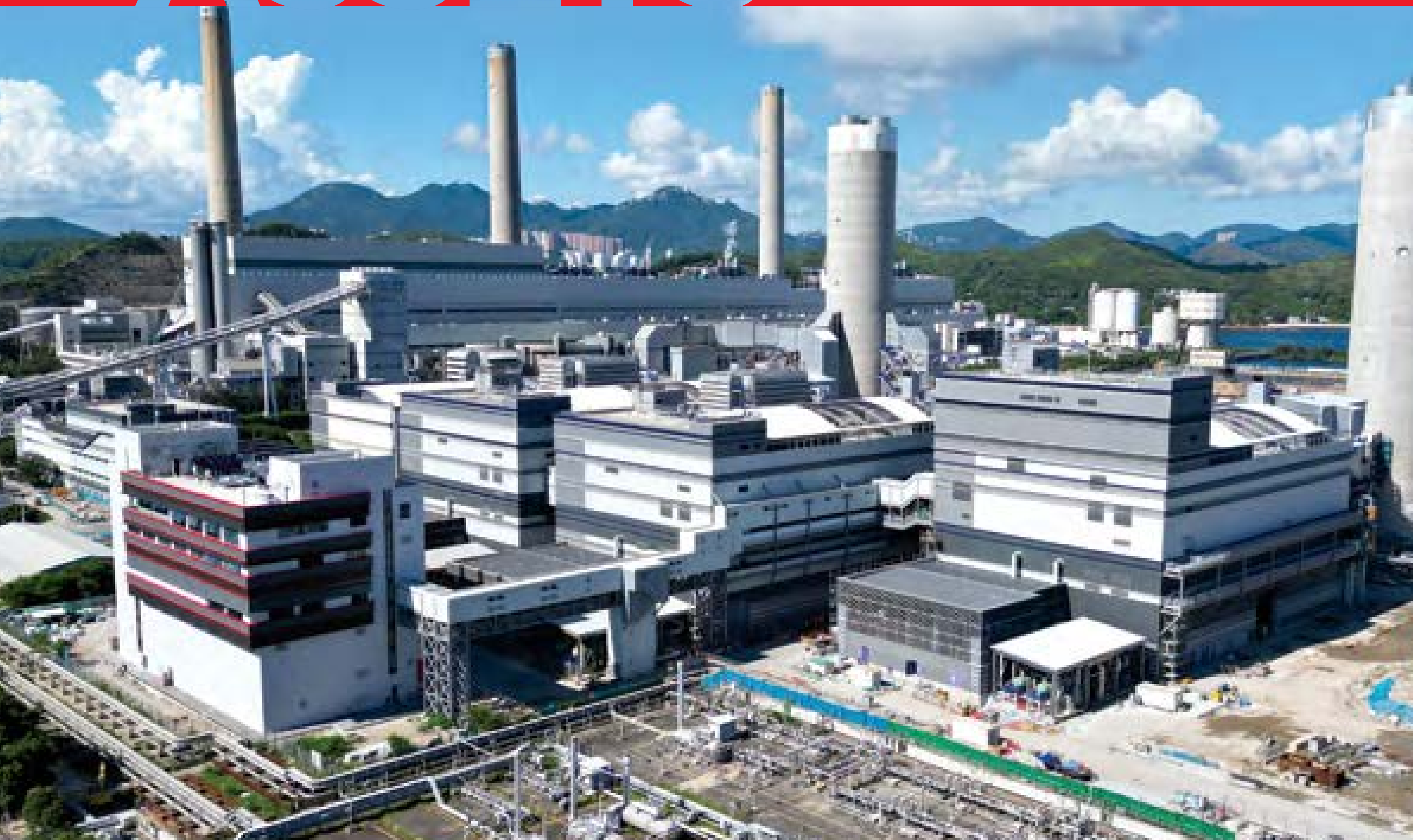
Infrastructure Investments in
CANADA

Infrastructure Investments in
AUSTRALIA

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA

Investments in

POWER ASSETS



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

The Power Assets Group ("Power Assets") achieved a robust performance in 2023. Its diverse portfolio of electricity and gas businesses, largely operating under regulatory regimes or long-term offtake agreements, continues to generate steady returns.

In Hong Kong, HK Electric continued to provide reliable and affordable power to customers in Hong Kong. In 2023, the Hong Kong SAR Government concluded an interim review of the current Scheme of Control Agreement for 2019-2033, which provides a stable and predictable return for the power sector. The Agreement also provides a structured framework for investments in decarbonisation. HK Electric has committed to investing another HK$22 billion under its 2024-2028 Development Plan to further enhance its decarbonisation strategy and support its sustainability pathway.

The United Kingdom represents Power Assets' largest market of operation. During the year, UK Power Networks commenced a new regulatory price control RIIO-ED2 which will remain through to 31 March 2028. In terms of operations, performance improvements and cost savings were achieved by Northern Gas Networks and Wales & West Utilities. Seabank Power delivered stable revenues, while exceeding targets on availability, efficiency and starting performance.

Power Assets' Australian portfolio continued to generate steady returns. In 2023, Victoria Power Networks completed the rollout of Rapid Earth Fault Current Limiters, a bushfire mitigation technology, across power lines in Victoria. United Energy upgraded its ability to meet peak demand through the installation of new pole-top batteries, and Dampier Bunbury Pipeline exceeded targets for the reliability of its compressor stations and asset utilisation. Amidst growing demand for renewable energy in the Australian market, SA Power Networks conducted extensive planning and stakeholder engagement to enable the energy transition, while Australian Gas Infrastructure Group progressed to design and construct the Hydrogen Park Murray Valley project; Energy Developments ("EDL") also completed the Limestone and Lorrain renewable natural gas projects.

The Canadian portfolio continued to provide stable contributions. Canadian Midstream Assets generated a good return through establishing long term contractual agreements with customers. Canadian Power's Meridian cogeneration power station completed a major gas turbine rotor replacement for one of its units.

In the Netherlands, Dutch Enviro Energy reported a fire at the Rozenburg plant in September 2023. The costs of rebuilding and the resulting income loss are expected to be substantially covered by insurance, and part of the operations restarted at the end of 2023.

Wellington Electricity in New Zealand submitted an asset management plan to meet the overall emissions reduction strategy required by the New Zealand government.

In Thailand, Ratchaburi Power Plant functioned above expectations in plant performance and operation.

In Mainland China, the Jinwan co-generation power plant returned to profitability in 2023, and the two wind farms in Dali and Laoting collectively avoided 145,200 tonnes of carbon emissions.

Infrastructure Investments in

UNITED KINGDOM

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

UK POWER NETWORKS

UK Power Networks owns and maintains electricity networks across London, the South East and the East of England. The company's network is approximately 190,000 kilometres in length and covers an area of over 29,000 square kilometres, serving 8.5 million homes and businesses. The company also has a non-regulated business – UK Power Networks Services – which designs, builds, owns and operates private networks for both public and private sector clients.

UK Power Networks reaped the rewards of its hard work in 2023, winning more than 20 national awards. One of these honours was Utility of the Year, the top accolade in the UK's utility industry presented by the Utility Week Awards. UK Power Networks had won the prestigious Utility of the Year title three times previously since 2012. Judges said the company was chosen as the winner because it was an "all-rounder, an inclusive employer with an environmental conscience and a genuine drive for collaboration." In the same Utility Week Awards London ceremony, the company also won the Digital Transformation Award.

UK Power Networks' outstanding customer service led it to become the only utility company featured in the top 50 companies in the UK Customer Satisfaction Index compiled by the Institute of Customer Service. According to the annual report published by the Stakeholder Engagement and Consumer Vulnerability Incentive Panel of Ofgem (the Office of Gas and Electricity Markets), UK Power Networks recorded the best score among all distribution network operators in the country. The Panel considers UK Power Networks' stakeholder engagement strategy to be sector leading. In addition, it was ranked second in the "UK's Best Big Company to Work For" by Best Companies in 2023; within the utility sector, UK Power Networks ranked the highest.

UK Power Networks currently has 7.4 GW of renewable energy connected to its network, and is preparing for the charging needs of 5 million electric vehicles (EVs) in its service regions by 2030. In the first half of 2023, UK Power Networks launched the nation's first independent Distribution System Operator ("DSO"). Its mission is to ensure there will be sufficient electricity capacity to support the anticipated uptake of EVs, heat pumps and renewables generation. The DSO is working to incentivise customers to shift their energy consumption or generation, to maximise usage of existing electricity grid infrastructure and facilitate the transition for customers adopting low carbon technologies at a low cost.

UK Power Networks was presented with "Utility of the Year", the top accolade by the Utility Week Awards. The company had won this prestigious title three times previously since 2012.

The company also secured £6.2 million in grants from Ofgem's Strategic Innovation Fund for 13 decarbonisaton projects. They included those for hydrogen electrolyser hub development, decarbonisation of multi-occupancy buildings, exploring vehicle-to-grid capabilities in car parks, as well as making low carbon heating affordable for vulnerable customers.

BUSINESS REVIEW

UK Power Networks secured £6.2 million in grants from Ofgem's Strategic Innovation Fund for 13 decarbonisaton projects.

As part of its £600 million programme to ensure reliable power supplies across the network, UK Power Networks commenced upgrade projects for substations including one in Forest Row, East Sussex, where a new 22-tonne transformer has been installed and energised. As more low carbon technologies will be connected to the electricity network in the future, such upgrades enable readiness to accommodate the anticipated growth in demand.

During the year, UK Power Networks Services, a non-regulated business of UK Power Networks undertook a number of projects to support EV charging. It completed a project to install and maintain 1,000 EV chargers for Yorkshire Water to power the water utility's new fleet of electric light commercial vehicles. The company also partnered with Pod Point, an EV charging infrastructure provider to offer flexible services using EV charging schedules, enabling Pod Point users to charge during non-peak periods to help balance the grid load. Another project involves providing eight new ultra-rapid 150 kW EV Power chargers to Motor Fuel Group's motorway service station in North London; the project is part of the Green Recovery programme to achieve the UK Government's Ten Point Plan towards net zero by 2050.

In 2023, UK Power Networks Services, celebrated its 20-year partnership with High Speed 1, the rail line between London and the Channel Tunnel. In recent years, UK Power Networks Services has been actively supporting High Speed 1 to achieve carbon-free journeys and reduce energy consumption. In addition, a two-year contract extension has been confirmed with London Trams. This service extension will focus on maintaining and upgrading essential electrical infrastructure in support of the tram's expansion plans.

NORTHUMBRIAN WATER

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

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

In 2023, Northumbrian Water was included in the UK's Best Workplaces™ list in the Super Large Company category published by Great Place to Work. Furthermore, for the 12th time, Northumbrian Water was listed among the World's Most Ethical Companies compiled by the Ethisphere Institute.

Northumbrian Water's customer service continues to remain strong, ranking number one in Ofwat's (the Water Services Regulation Authority) measure of customer satisfaction and experience.

In the annual Water Company Survey conducted by British Water, Northumbrian Water was given the highest score for innovation. The survey reflects a range of opinions across the supply chain in the water industry. Additionally, Northumbrian Water achieved the Inclusive Service Kitemark from the British Standards Institution ("BSI"). It is a benchmark of best practice which demonstrates that the company is providing an inclusive and flexible service to benefit all customers, regardless of their personal circumstances.

In 2023, Northumbrian Water was awarded more than £6 million from the Water Breakthrough Challenge programme under Ofwat for four innovation projects aimed at improving operation as well as protecting the environment. The four projects are: (i) the Water Literacy Programme to provide the company's stakeholders with a greater understanding of the value of water; (ii) the Hydro-powered Smart Meter which uses mains water pressure instead of batteries as source of power; (iii) the Root Defender project, a development of gel solution to prevent tree roots from damaging the sewer network; and (iv) the Stream project, an open data-sharing platform for all UK water companies, as well as other utilities companies.

Northumbrian Water's Innovation Festival was once again staged in July. It attracted almost 2,500 people to generate ideas around subjects such as climate change, renewable energy and job opportunities. Five of these outstanding projects were given kick-starter funding – these include a partnership with Siemens to make water treatment sites more resilient to power outages, as well as a project to reduce water leakage.

Northumbrian Water's customer service continues to remain strong, ranking number one in Ofwat's measure of customer satisfaction and experience.

A number of facility upgrades were carried out during the year. New water treatment works were completed at Murton, Wooler, Byrness, Rochester and Otterburn. These sites are part of the network that supplies drinking water to more than 20,000 customers across North Northumberland. An upgrade project was also conducted at Mosswood Water Treatment Works in County Durham – this system supports the supply of water to more than 800,000 customers across County Durham, South Tyneside, Washington, and parts of Sunderland and North Tyneside. One of the highlights of the project is the installation of 12 innovative ultraviolet units to facilitate long-term water quality improvements. At Hanningfield Water Treatment Works, the capacity of the "washwater" facility has been doubled. The "washwater" facility treats water that has been used for cleaning the site's filters before it is released back into the reservoir.

Another major project is the £155 million County Durham and Tees Valley "Project Pipeline". The project involves the replacement of sections of network that have served the area for more than 100 years. The first phase of the project, which will connect Lartington Water Treatment Works in Upper Teesdale with the town of Gainford and across to Shildon, County Durham, is being constructed and will be completed by 2025. The second phase is currently being planned, with work scheduled to start in 2025, further extending the pipeline on to Teesside at Long Newton.

NORTHERN GAS NETWORKS

Northern Gas Networks is a gas distribution company that serves the northern area of England. The network comprises more than 37,000 kilometres of gas distribution pipelines which stretches from Northern Cumbria to the North East, including much of Yorkshire and large cities as well as rural areas. It transports approximately 13% of the nation's gas, serving a population of 6.7 million.

In January 2023, the British Standards Institution (BSI) awarded Northern Gas Networks the Inclusive Service Kitemark in recognition of the company's inclusive and flexible approach to customer service.

Northern Gas Networks' HyDeploy project was presented with the Innovation Award at the Gas Industry Awards 2023 organised by the Institution of Gas Engineers and Managers. A collaboration project led by Northern Gas Networks, HyDeploy was the first project to blend up to 20% of hydrogen by volume with natural gas on a public gas network to supply energy for low carbon heating and cooking to around 700 homes in Winlaton, Gateshead, for one year.

In January 2023, BSI awarded Northern Gas Networks the Inclusive Service Kitemark in recognition of the company's inclusive and flexible approach to customer service. The approval process involves an intensive two-part assessment and adopts ISO Standard 22458: Consumer Vulnerability as the benchmark. The Inclusive Service Kitemark helps organisations understand the underlying factors involved in consumer vulnerability, and work to develop processes, implement services, collaborate with partners and look at new innovations to help create fair, flexible and inclusive services for all customers.

East Coast Hydrogen ("ECH") is a large-scale collaboration project established by Northern Gas Networks and two other gas companies to identify and ultimately deliver the network infrastructure required to support the deployment of low-carbon hydrogen to industrial and power generation customers across the North East, Yorkshire, The Humber and the East Midlands, facilitating their decarbonisation. ECH demonstrates the opportunity to connect up to 11 GW of hydrogen production by 2030. The new Delivery Plan, which was launched in November 2023, provides a detailed overview of the emerging hydrogen economy in the East Coast region, and explains the potential hydrogen demand based on information from large gas customers, as well as showcases the production and storage capabilities which will complete the supply chain.

Northern Gas Networks' hydrogen infrastructure sister company, N-Gen Energy Solutions, is collaborating with partners to establish a low carbon hydrogen production hub and dispensing facility in Bradford. The project will be built on Northern Gas Networks' decommissioned gas storage site in Bradford with the objective of using renewable energy to power an electrolyser that produces green hydrogen. The project is backed by funding from the UK Government's Hydrogen Production Business Model/ Net Zero Hydrogen Fund. The hydrogen centre will provide facilities for local businesses and residents to refuel their hydrogen powered and electric vehicles and offer opportunities for other users to access a supply of green hydrogen as a replacement for natural gas. Consultation events for local residents were held in September, and construction is expected to commence in the summer of 2024 subject to planning approval, with operations scheduled for mid 2026.

WALES & WEST GAS NETWORKS

Wales & West Gas Networks is the holding company of Wales & West Utilities, one of eight gas distribution networks in the United Kingdom. The company has 2.6 million supply points and a pipeline network of over 35,000 kilometres. It serves an area of 42,000 square kilometres and a population of 7.5 million in Wales and South West England.

Wales & West Gas Networks celebrated its 10th consecutive gold RoSPA (Royal Society for the Prevention of Accidents) award, demonstrating the highest level of commitment to health and safety standards. In honour of this accomplishment, Wales & West Gas Networks received the President's Award from the RoSPA; this award is presented to companies that have received 10 RoSPA Gold Awards in succession. In addition, in recognition of the company's commitment to create an open and inclusive culture to enhance quality and safety across the business, Wales & West Gas Networks won the Skills and Diversity Award at the 2023 Utility Week Awards.

During the year, Wales & West Gas Networks launched a low carbon hydrogen production trial making use of wastewater. Funded by Ofgem's Strategic Innovation Fund, the trial explored the development of green hydrogen electrolyser prototypes that use wastewater as a feedstock; this reduces production costs and expands low carbon hydrogen production possibilities. The project aims to create scalable solutions that adapt to various wastewater types. The study will continue into the first quarter of 2024.

BUSINESS REVIEW

Wales & West Gas Networks celebrated its 10th consecutive gold Royal Society for the Prevention of Accidents (RoSPA) award, demonstrating the highest level of commitment to health and safety standards.

Wales & West Gas Networks worked with the University of Edinburgh and an energy company to assess the viability of storage for hydrogen in salt cavern and other possible locations. As the use of hydrogen to achieve net zero target in the country is undergoing more thorough studies, the storage role will be critical to the energy system as a whole. Tests have shown that salt caverns offer low leakage rates. Further testing is required to assess the hydrogen injection and extraction processes.

Wales & West Gas Networks has also invested £2.2 million over the past 12 months in energy system transition projects, with the majority of the funds coming from the Network Innovation Allowance offered by Ofgem. The launched projects of Wales & West Gas Networks include HyLine Cymru, a study to assess the feasibility of a dedicated hydrogen pipeline built from Pembroke to the Swansea Bay area linking hydrogen production with industrial demand. Another project offers the scope on how gas networks can support the decarbonisation of the aviation sector using hydrogen at scale. The sector currently contributes to 2.5% of global CO_2 emissions and 7% of the UK's greenhouse gas emissions. The final report indicated both short and long-term strategies for the potential hydrogen requirements of both Cardiff and Bristol airports, as well as the wider aerospace sector.

Wales & West Gas Networks announced in November that a feasibility study in collaboration with an engineering partner will provide a detailed assessment of the infrastructure needed to advance opportunities for hydrogen in Wrexham and Deeside. In particular, the study will recommend how industrial and commercial customers can make use of existing infrastructure to adopt a hydrogen network.

SEABANK POWER

Seabank Power is the owner and operator of a combined cycle gas turbine power plant located near Bristol in the South West of England. The power plant's total generating capacity is approximately 1,140 MW.

During the year, plans to upgrade the company's distributed control systems ("DCS") in 2025-2026 have been contracted. The DCS combines various control functions into a single automated system and the upgrade is central to facilitating the effective and secure operation of the power station into the 2030s.

UK RAILS

UK Rails is one of the three major rolling stock leasing companies in the United Kingdom. The company leases regional, commuter and high-speed passenger trains on long-term contracts to train operating companies, as well as freight locomotives to freight operating companies. UK Rails' rolling stock portfolio includes 19 different fleets of passenger trains comprising over 2,700 passenger vehicles and 83 freight locomotives. It also leases two depots.

During the year, UK Rails renewed leases for a number of its fleets, including those with TransPennine Trains, Freightliner and London North Eastern Railway.

UK Rails signed an agreement in 2022 for the modernisation of Class 395 Javelin trains. The first refurbished Class 395 Javelin re-entered passenger service in August 2023 with new seats and carpets, USB at-seat power sockets and LED lighting. Energy meters have also been installed to help reduce the energy and environmental impacts of the rail operator, Southeastern. New CCTV and live passenger information system upgrades with media screens will also be fitted to these trains from 2024.

During the year, UK Rails Class 375 fleet of 112 trains has also been undergoing an upgrade with new USB at-seat power sockets, new LED lighting and energy metering, which means that the railway only pays for the power it uses.

The company has also confirmed a programme of works for 40 Class 334 trains which are leased to ScotRail. The scope of work includes overhaul of pneumatic and electrical components such as auto couplers, gangways, batteries, heating ventilation as well as air conditioning in the drivers' cabs. The project is scheduled to commence in early 2024.

During the year, the company signed contracts to build three new Revolution Very Light Rail ("RVLR") vehicles for passenger trials and ongoing operation. The new RVLR vehicles will run entirely on battery power supported by a new system of lineside fast charging. These new vehicles will be built in the Midlands, with assembly commencing in 2024 and the first vehicle to be ready for passenger operation in 2026. RVLR Demonstrator trials and testing in Ironbridge continue; these have provided valuable data for wider deployment of RVLR.

RVLR was named the winner in the Innovation category at the Railway Industry Association's RISE (Railway Industry Supplier Excellence) Awards 2023. This award recognises RVLR as an innovative, cost-effective solution that can bring benefits to UK railway. At the annual Golden Spanner Awards, UK Rails received several accolades. The company's IC225, Class 222 and Class 171 fleets were recognised with Golden Spanners for being the most reliable fleets in their categories; while the Class 170 and Class 195 fleets won Silver Spanners for being the most improved train fleets over the previous year.

UK Rails' first refurbished Class 395 Javelin re-entered passenger service in August 2023 with new seats and carpets, USB at-seat power sockets and LED lighting.

Infrastructure Investments in

AUSTRALIA

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

In the 2023 Annual Benchmarking Report, the Australian Energy Regulator ("AER") ranked SA Power Networks, CitiPower, Powercor and United Energy first, second, fourth and fifth respectively among the country's 13 distribution networks based on their total productivity.

SA Power Networks was ranked first for its productivity in the 2023 Annual Benchmarking Report published by AER.

SA POWER NETWORKS

SA Power Networks is South Australia's regulated electricity distributor. It serves more than 900,000 homes and businesses across an area of about 178,000 square kilometres with a powerline route length of approximately 90,000 kilometres.

SA Power Networks was ranked first for its productivity in the 2023 Annual Benchmarking Report published by AER.

In recognition to the company's response to the River Murray flood event, which occurred between November 2022 and February 2023, SA Power Networks was presented the Health and Safety Award for the energy sector at the Premier's Awards for Mining and Energy in 2023.

The River Murray Flood has been regarded as one of South Australia's worst natural disasters. More than 400 kilometres of powerline and 4,000 Stobie poles were standing in floodwaters during the flood. To manage its response, SA Power Networks adopted state-of-the-art LiDAR-related technology. LiDAR, which stands for Light Detection and Ranging, is a technology that uses a pulsed laser to measure distances and create 3D maps of the Earth's surface or objects. With the support of a partner's AI-powered modelling software platform, the data collected was used to generate sophisticated models which allowed SA Power Networks to model the potential impact on electricity distribution assets at various flood levels and predict where and when power lines require electricity disconnection or connection as floodwaters rose and receded. These digital technologies enabled SA Power Networks to optimise response and restore power to affected areas faster than using traditional methods which require manual inspection.

In addition, as a result of its smart utilisation of technologies and timely deployment of new safety procedures for employees, no electric shock incident was reported during the entire flood period.

During the year, SA Power Networks' Flexible Export scheme won two accolades: the Australian Institute of Energy's SA Energy Project of the Year Award 2023, and the Innovation and Collaboration Award for the energy sector at the Premier's Awards for Mining and Energy. SA Power Networks began trials of the innovative Flexible Exports scheme in 2022. It allows the dynamic management of rooftop solar exports based on network constraints. Eligible rooftop solar customers are able to export up to 10 kW per phase depending on grid capacity at the time. More than 80% of eligible newly-connected customers have taken up the Flexible Exports offer. The development of the Flexible Exports option for solar involved significant engagement with more than 6,000 stakeholders across the energy sector.

SA Power Networks is in the process of constructing a new 150-kilometre-long fibre optic cable connection that will improve the management of electricity supply for the western part of the Fleurieu Peninsula and Kangaroo Island. The project will utilise the undersea fibre cores built within the 15-kilometre undersea 33,000 Volt power cable installed in 2018 to connect Kangaroo Island with Cape Jervis on the Southern Fleurieu Peninsula. The connection has the potential to provide the Island and Western Fleurieu Peninsula with greater mobile phone coverage, faster and more reliable internet connections, and access to cloud services, all of which will boost the development of the region. The construction is expected to be completed in the second half of 2024.

SA Power Networks' unregulated business, Enerven, which designs, builds and maintains major electrical infrastructure and telecommunications solutions in Australia, has experienced rapid growth over the past few years and this is expected to continue as Australia transitions to net zero. In 2023, Enerven secured a number of new contracts, including large-scale renewable energy projects, a telecommunications network connectivity programme, and an infrastructure construction project for energy advancements.

VICTORIA POWER NETWORKS

Victoria Power Networks comprises electricity distribution networks CitiPower and Powercor, as well as energy infrastructure developer Energy Solutions (trading as "Beon"). In the 2023 Annual Benchmarking Report, CitiPower and Powercor were ranked second and fourth respectively by the AER based on their total productivity.

Victoria Power Networks is enabling the energy transition with 2.64 GW of renewable generation directly connected to the network at the end of 2023, including approving a further 331 MW of solar generation during 2023.

CitiPower owns and operates a network that serves close to 350,000 customers in the central business district and inner suburbs of Melbourne, while Powercor covers a service area that includes regional and rural areas in Central and Western Victoria as well as Melbourne's outer western suburbs, supplying electricity to over 900,000 customers. Beon is a leader in the design, construction and maintenance of large-scale renewable energy and infrastructure projects in Australia and New Zealand.

During the year, Powercor undertook a large-scale upgrade project funded by the state government of Victoria, which involved the building of a third electricity line for the Ballarat Base Hospital, tripling the capacity of power supply to support the multi-level development work at the facility. The upgrade project also involved replacing a number of overhead lines and approximately 200 existing wooden power poles. The upgrade has strengthened the network for homes and businesses in central Ballarat, improving reliability for more than 26,000 customers. The first stage of the project has been completed while Powercor is continuing to work with the hospital to complete stage two works by mid-2024.

A key electrical infrastructure upgrade project was also completed for Shepparton's Goulburn Valley Base Hospital. The capacity of power supply was expanded from 2.4 MVA to 6.5 MVA in order to power the hospital redevelopment, which includes a five-storey in-patient unit. In addition, the works involved upgrading a back-up line from a separate zone substation enabling the hospital to run at full capacity even if a major outage occurs on one part of the network. The upgrade strengthened the network for homes and businesses in central and northern Shepparton, improving reliability and creating more capacity for nearby customers. Work scope included upgrading existing powerlines, installing new underground cables, upgrading substations and replacing switches in and around the hospital precinct.

In their first Sustainability Report 2022 released in the first quarter of 2023, CitiPower and Powercor reported a 17% decrease in greenhouse gas emissions since 2019 as Victoria's clean energy transformation escalates. The reduction in emissions puts its networks on track to meet the 2030 target of achieving a 30% reduction compared to 2019 baseline levels.

Victoria Power Networks is enabling the energy transition with 2.64 GW of renewable generation directly connected to the network at the end of 2023, including approving a further 331 MW of solar generation during 2023. Approximately 20% of Victoria Power Networks' customers now have solar generation connected to their property and are exporting the excess generation back into the grid.

A community battery will be installed in the Victorian Goldfields town of Maldon, with Powercor securing a A$500,000 Federal Government grant under the Community Batteries for Household Solar programme. The 90 kW/270 kWh battery installation will enable up to an additional 112,000 kWh of solar exports each year. The additional solar export capacity created by this battery will displace electricity from the wider grid and reduce carbon emissions by 90 tonnes annually.

In 2023, Beon secured contracts with Australia Pacific Airports (Melbourne) for the 11 MW North Airfield Solar Farm and Enel Green Power for a 93 MW solar farm in Girgarre, Victoria. A new project was also confirmed in Canterbury, New Zealand where Beon will be responsible for engineering works, procurement and construction of a 62 MW solar farm.

United Energy recorded a 22% decrease in greenhouse gas emissions since 2019, as highlighted in its Sustainability Report 2022 published in the first quarter of 2023.

UNITED ENERGY

United Energy distributes electricity to more than 715,000 customers across Melbourne's east and southeast suburbs as well as the Mornington Peninsula with greater than 99.99% reliability. The company has an electricity distribution network that covers an area of approximately 1,500 square kilometres and is an industry leader in network technology and innovation.

United Energy recorded a 22% decrease in greenhouse gas emissions since 2019, as highlighted in its Sustainability Report 2022 published in the first quarter of 2023. The reduction in emissions puts the network on track to meet the 2030 target of achieving a 30% reduction compared to 2019 baseline levels.

United Energy is enabling the energy transition with 723 MW of renewable generation directly connected to the network at the end of 2023. Victorians are installing rooftop solar at record rates with residential solar representing 75% of all renewables connected. This continued growth has resulted in over 17% of United Energy customers now having solar generation connected to their property and exporting the excess generation back into the grid.

United Energy successfully secured an A$500,000 Federal Government grant under the Community Batteries for Household Solar programme to build a community battery in Carrum Downs, Melbourne in 2024. The community battery is designed to absorb excess rooftop solar generation and supply nearby properties during peak periods for up to three hours.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

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

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

Australian Gas Networks

Australian Gas Networks is one of Australia's largest natural gas distribution companies. It owns over 25,000 kilometres of distribution networks and 1,000 kilometres of transmission pipelines, delivering gas to more than 1.3 million homes and businesses in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Built by Australian Gas Networks, Hydrogen Park South Australia ("HyP SA") has been delivering 5% blended renewable hydrogen to homes in the southern part of Mitchell Park in South Australia since May 2021. The facility features the largest electrolyser in operation in the country. By mid-2023, the number of premises to which blended renewable hydrogen is supplied had increased from 700 homes to nearly 4,000 homes and commercial properties in Mitchell Park, Clovelly Park and parts of Marion. It is also delivering blended renewable hydrogen gas to the new La Loft Hotel, the first hotel property in Australia to use such renewable energy.

Construction of Hydrogen Park Gladstone ("HyP Gladstone") started in 2023. The project has received up to A$2.72 million in backing from the Queensland Government's Hydrogen Industry Development Fund, and is scheduled to be operational in 2024. HyP Gladstone will supply about 800 residential and commercial properties in Gladstone and Barney Point with a blend comprising up to 10% renewable hydrogen in their existing gas supply, without the need to alter appliances, connections or customer billing. Central Queensland University is a collaboration partner of this project. The alliance fosters the smooth transition of academic research to practical application.

Another hydrogen project, Hydrogen Park Murray Valley, is under planning for construction. Supported by grant funding from the Australian Renewable Energy Agency (ARENA) and the Victorian Government, with additional financial backing from the Clean Energy Finance Corporation, this project is expected to commence operations in mid-2025. The facility will utilise a 10-megawatt electrolyser, which is

Australian Gas Networks' Hydrogen Park South Australia features the largest electrolyser in operation in Australia. By mid-2023, the number of premises to which blended renewable hydrogen is supplied has increased from 700 homes to nearly 4,000 homes and commercial properties.

eight times the capacity of that of HyP SA, and will deliver up to 10% blended hydrogen into the existing natural gas supply to over 40,000 customers in the Albury-Wodonga region.

Australian Gas Networks also unveiled HyHome, Australia's first hydrogen-powered home, during the year. The demonstration house which is situated in Wollert, Melbourne, is equipped with hydrogen-powered hot water systems, heating, cooktop and barbecue appliances developed for the domestic market. The hydrogen for HyHome is supplied by on-site gas tanks, and the pipe fittings match those connected to the existing natural gas network. The project serves as proof of concept for how future homes can run on a 100% hydrogen gas network.

Multinet Gas Networks

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

While Australian Gas Networks completed a major upgrade of its gas mains in the area around Melbourne, Multinet Gas Networks is set to complete its own upgrade project in the coming years. The project involves replacing old steel and cast iron pipes with new polyethylene and protected-steel pipes. This modernisation initiative would not only significantly enhance the safety and reliability of the network, but also ensure that the mains will be compatible with renewable hydrogen with minimal additional investment for the transition.

Dampier Bunbury Pipeline

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

Stretching approximately 1,600 kilometres, the pipeline links the gas fields in the Carnarvon Basin off the Pilbara coast and the Perth Basin to mining, industrial, and commercial customers, as well as to residential customers in Perth via other distribution networks. The total length of the pipeline including looping and lateral pipelines is approximately 3,000 kilometres.

Dampier Bunbury Pipeline's regulatory team has commenced work on the upcoming 2026-2030 Dampier to Bunbury Pipeline Access Arrangement. The company has adopted a four-stage engagement approach that consists of research, planning development, consultation, and ongoing engagement. The first roundtable discussion with customers and key stakeholders was held in August 2023. A series of such discussion sessions will facilitate the compilation of a final plan. A Reference Service Proposal was submitted to the Regulator in December 2023, and the final plan is due for submission in January 2025.

Dampier Bunbury Pipeline's regulatory team has commenced work on the upcoming 2026-2030 Dampier to Bunbury Pipeline Access Arrangement.

In 2023, EDL's Jabiru Hybrid Renewable Power Station won Project of the Year at the Engineers Australia Excellence Awards – People & Projects Northern Division.

ENERGY DEVELOPMENTS

Energy Developments ("EDL") is a leading global producer of sustainable distributed energy. It specialises in helping customers decarbonise their businesses by providing innovative and reliable energy solutions including (i) increasing focus on hybrid renewable power stations that use a mix of wind, solar and battery in remote and off-grid areas; (ii) taking waste gases from landfills and underground coal mines to produce electricity; as well as (iii) producing renewable natural gas ("RNG") from landfills. EDL owns and operates a global portfolio of 87 power and gas facilities in Australia, North America and Europe.

In 2023, EDL's Jabiru Hybrid Renewable Power Station won Project of the Year at the Engineers Australia Excellence Awards – People & Projects Northern Division. This is further to the station being named Solar Power Project of the Year – Australia at the Asian Power Awards in November 2022. The Jabiru Power Station, which commenced operation in February 2022, delivers reliable and sustainable energy to the town of Jabiru, supporting its transition from a mining town to a tourism hub. It also sets a blueprint for isolated off-grid communities seeking a reliable clean energy solution.

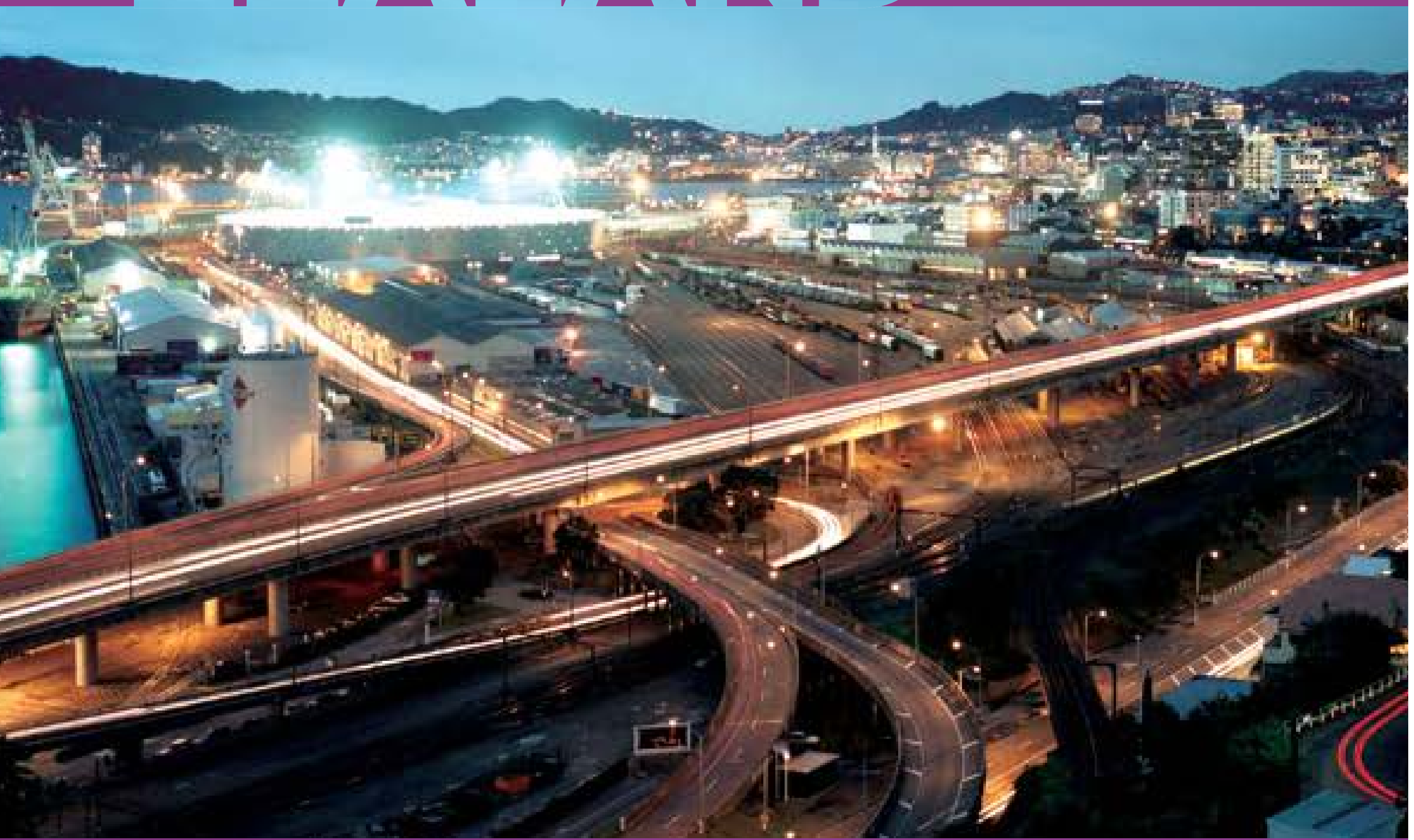
EDL supplies power to a number of remote communities and mining operations across Australia. The devastating floods in the Kimberley region of Western Australia (WA) in January 2023 impacted the normal fuel supply arrangements for EDL's power stations in Broome, Derby, Fitzroy Crossing and Halls Creek. However, by working closely with Horizon Power and the WA Department of Fire and Emergency Services, EDL helped to keep the lights on in the flood affected locations. This was achieved by working around the clock to build new temporary diesel power stations and cut over the gas fired power stations safely and successfully.

In the United States, EDL commenced exporting RNG from the newly developed Limestone Renewable Natural Gas Facility near Youngstown, Ohio. An existing landfill gas-to-energy power plant has been replaced with a RNG facility near Republic Services' Carbon Limestone Landfill. The new facility is designed to process and condition landfill gas, a by-product of naturally decomposing materials in the Carbon Limestone Landfill. It is expected that production of pipeline quality RNG will increase substantially in 2024.

Another RNG plant in Lorain, Ohio, also commenced exporting its first renewable gas, and similarly, a substantial uplift in RNG production is anticipated in 2024.

Infrastructure Investments in

NEW ZEALAND



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

WELLINGTON ELECTRICITY

Wellington Electricity owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand. Its network extends about 4,700 square kilometres, and supplies electricity to more than 175,000 connections across the domestic, commercial and industrial sectors.

Wellington Electricity and another electricity distributor in the country, Orion, collaborated on a paper and presentation on residential electricity usage flexibility. It won the Best Paper – Member award at the Electricity Engineers' Association Conference in Ōtautahi, Christchurch. The project aims to address new developments such as population growth, electric vehicle uptake, and the increase in electrification. Based on the collected data from consumers and stakeholders, Wellington Electricity will work with electricity retailers and concerned suppliers to develop electricity consumption flexibility products for households.

In July 2023, Mr. H L Kam, CKI's Group Managing Director (right) and Mr. Richard Pearson, Wellington Electricity's Chairman (left), celebrated Wellington Electricity's 15th anniversary of becoming a member company of CKI.

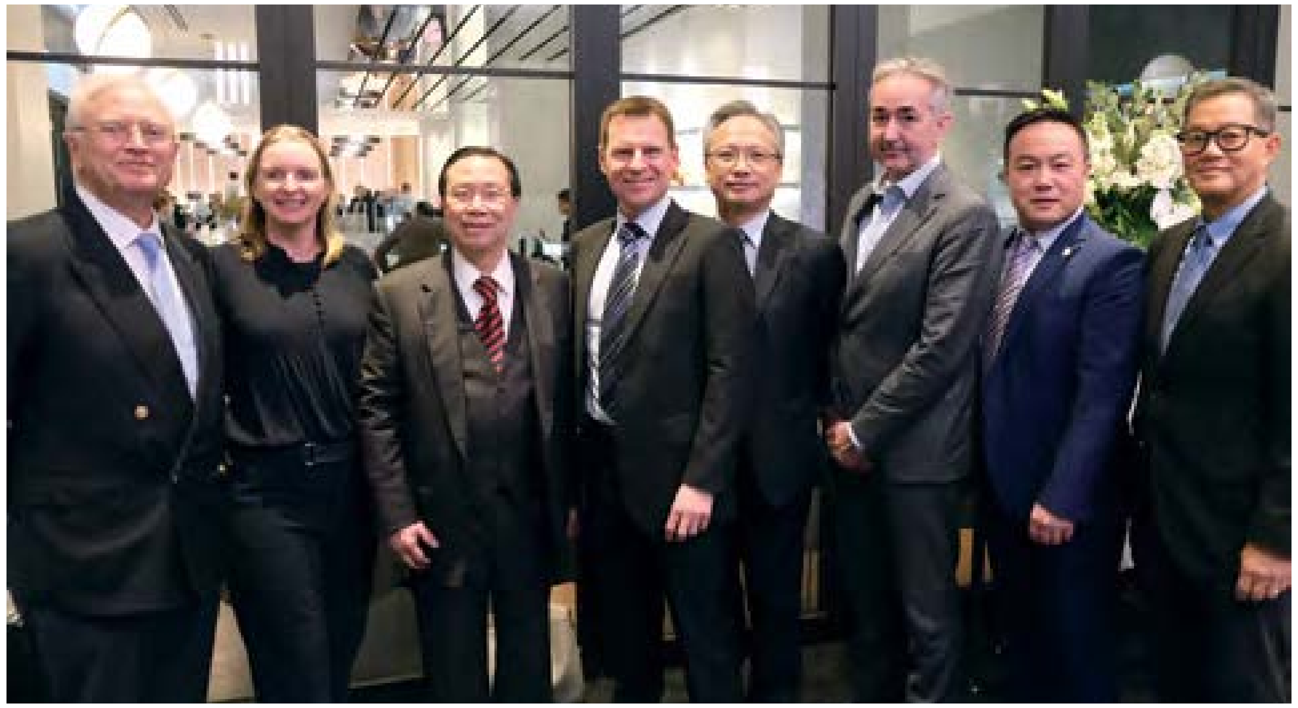
In the Distribution Pricing Scorecard 2023 assessment conducted by the Electricity Authority of New Zealand, Wellington Electricity received the highest overall score among 29 electricity distribution companies.

The Electricity Authority of New Zealand ("the Authority") released the Distribution Pricing Scorecard 2023, which assesses electricity distribution companies' (i) approach to establishing annual electricity line charges; (ii) clarity of communication in regards to the methodology; and (iii) adherence to the 2019 Distribution Pricing Principles. In the assessment, Wellington Electricity received 4.6 out of 5, the highest overall score among 29 such companies. Moreover, the Authority complimented Wellington Electricity on its efficiency and its compliance with the guidance provided by the Authority.

In July 2023, Wellington Electricity celebrated its 15th anniversary of becoming a member company of CKI. During this period, the company has consistently delivered steady revenue to the Group.

ENVIRO NZ

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



2023 marked the 10th Anniversary of Enviro NZ's joining CKI. Pictured here are some of the board members of Enviro NZ since 2013. They include: Mr. Richard Pearson, Chairman (first from left), Mr. H L Kam, CKI's Group Managing Director (third from left), Mr. Duncan Macrae, CKI's Head of International Business (third from right) and Mr. Eddy Tsang, CK Infrastructure Materials' Chief Executive Officer (first from right). Joining these board members to attend the celebration of Enviro NZ's 10th Anniversary are Ms. Trena McFarland, CKI's International Business Director (second from left), Mr. Chris Aughton, Enviro NZ's Chief Executive Officer (fourth from left), Mr. Dominic Chan, CKI's Chief Financial Officer (fourth from right) and Mr. John Luk, CKI's Financial Controller – International Business (second from right).

In 2023, Enviro NZ started to refurbish the rubbish and recycling trucks used for Wellington City Council kerbside collections.

2023 marked the 10th anniversary of Enviro NZ becoming a member company of CKI. Over the past decade, Enviro NZ's annual revenue and employee numbers have doubled.

Enviro NZ underwent a rebranding exercise during the year, bringing different member companies together under the "Enviro NZ" brand. Along with the rebranding exercise, the focus of the company has been to ease New Zealanders to shift to a more sustainable way of life.

Enviro NZ has collaborated with Christchurch International Airport to kick off an award-winning waste minimisation programme. A custom-design waste sorting room was set up in the airport to bring circularity to life at the busy terminal. The project brings Christchurch Airport's plans to improve resource diversion from landfill into circular economies from 45% to 80% closer to target.

Enviro NZ joined forces with the Waimate, Mackenzie and Timaru district councils to launch a four-bin service with improved kerbside collections for rubbish, mixed recycling, glass and organics in 2021. In a survey conducted in 2023, residents highly commended their council's enhanced recycling and waste services. 85% of Waimate respondents were satisfied or very satisfied with the rubbish collection services, the highest satisfaction rate in New Zealand. In addition, satisfaction with recycling services has jumped from 64% to 80%.

During the year, Enviro NZ started to refurbish the rubbish and recycling trucks used for Wellington City Council kerbside collections. By November, a number of the renovated trucks were in operation. These new trucks can take up to six tonnes of material, and are fitted with cameras and technology that give drivers a clear view outside the cab, enabling them to deliver a safe and sustainable kerbside service.

Infrastructure Investments in

CONTINENTAL EUROPE

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

DUTCH ENVIRO ENERGY

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

In August 2023, AVR celebrated its 10th anniversary of becoming a member company of CKI. Over the past 10-year period, AVR delivered consistent growth in both revenue and profit, and its operations have expanded to include steam and heat supply, carbon capture, as well as waste separation.

In September 2023, a fire broke out at the Rozenburg unit's E-building. As a result, waste processing as well as the production of electricity, steam and heat were impacted. The pre-separation plant where plastic is removed from waste, the biomass energy plant for processing waste wood, and the plant for processing industrial wastewater were also affected, but to a lesser extent – these facilities have restarted operations at the end of 2023. Partial restart of the energy-from-waste operations including electricity, steam and heat supply are scheduled to take place in the fourth quarter of 2024. The loss and damage from the fire have largely been covered by insurance. The new facilities which are being constructed will be fitted with the latest technologies.

All AVR's waste treatment plants are accredited with "R1" status, enabling the treatment of waste imported from European Union countries.

2023 marked the 10th Anniversary of AVR's joining CKI. Pictured here are some of the board members of AVR since 2013. They include: Mr. H L Kam, CKI's Group Managing Director (third from right, front row), Mr. Yves Luca, AVR's Chief Executive Officer (fourth from right, front row), Mr. Andrew Hunter, CKI's Deputy Managing Director (fourth from left, front row), Mr. Charles Tsai, Power Assets' Chief Executive Officer (second from left, front row), Mr. Duncan Macrae, CKI's Head of International Business (first from left, back row) and Mr. Rob de Fluiter Balledux, AVR's Chief Financial Officer (second from left, back row). Joining these board members to attend the celebration of AVR's 10th Anniversary are Mr. Dominic Chan, CKI's Chief Financial Officer (first from left, front row), Mrs. Wendy Tong Barnes, CKI's Chief Corporate Affairs Officer (third from left, front row), Mr. Eduardo Bertao, CKI's International Business Director (first from right, front row), Mr. Howard Cheung, CKI's Financial Controller – International Business (second from right, front row), Mr. Bram Witsenburg, AVR's General Counsel-Company Secretary (first from right, second row) and Mr. Ed Nijpels, AVR's Non-executive Director (second from right, back row).

ISTA

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

ista's smart heating system control unit "Sophia" won two awards in Spain. Sophia collects data on heating habits and weather conditions, determines the actual demand, and automatically and proactively regulates the amount of heat produced. In this way, heating energy consumption can be reduced by 15% and more.

ista's smart heating system control unit "Sophia" won two awards in Spain. The system was recognised by the German Chamber of Foreign Trade in Spain as a particularly innovative reference project in the field of energy efficiency in the building sector and was presented to a specialist audience at an exhibition in Madrid. At the "C&R" (Climatización y Refrigeración), an international trade fair for air conditioning, ventilation, heating, sanitary and refrigeration technology in Madrid, Sophia was included in the exclusive "Gallery of Innovation", which recognises the 20 most innovative products of the year.

Sophia's hardware can be installed on existing heating systems, which can then optimise the operation fully and automatically. It collects data on heating habits and weather conditions, determines the actual demand, and automatically and proactively regulates the amount of heat produced. In this way, heating energy consumption can be reduced by 15% and more.

ista made a number of bolt-on acquisitions in 2023, including takeovers of Wintel/Habidat, a Spanish service provider of intelligent heating management, which developed Sophia; Messdienst Schäfer as well as GEMAS, two individual sub-metering companies operating in the southern region of Germany, serving a total of approximately 12,000 dwellings; By extending its business in the United Arab Emirates through different growth steps, ista strengthened its position as the dominant player in the region.

The Progress Report 2022/23 published by ista shows a steady improvement in key environmental indicators. ista reduced its carbon footprint by 294 tonnes CO_2e to 7,261 tonnes CO_2e in 2022 compared with the previous year. At the same time, the percentage of electricity from renewable energies used in ista offices increased from 42.9% to 73%. Such progress shows that the company is on the right track to achieve its net zero CO_2 emission goal by 2030.

Infrastructure Investments in

CANADA

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

Canadian Power's Meridian cogeneration plant carried out the replacement of a rotor for one of its two gas turbines.

CANADIAN POWER

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

During the year, one of the two gas turbines of Canadian Power's Meridian cogeneration plant completed a routine maintenance outage with a once-in-an-asset-life rotor replacement. The replacement programme was completed on time and within budget.

PARK'N FLY

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

Park'N Fly experienced a year of significant growth in 2023 with revenue exceeding 2019 pre-Covid levels.

The company continued to invest in its proprietary technology platform, focusing on enhancing customer experience via a mobile app. This brought an increase in customer satisfaction scores.

Throughout the year, Park'N Fly was engaged in various local charitable activities to support the communities where its employees work and live. Park'N Fly's Vancouver team celebrated its 35th anniversary by hosting an employee appreciation fundraiser, of which the donations raised were contributed to the Ronald McDonald House in BC and Yukon. Located nearby a children's hospital, Ronald McDonald House Charities is a place for families to stay at when a child is sick and requires hospitalisation.

In December 2023, Park'N Fly employees held their 7th annual "Stuff the Bus" toy drive event in Toronto. A series of events took place throughout December during which toy donations were collected and helped "Stuff the Bus". The toys were then donated and distributed by the Salvation Army to families struggling to make ends meet.

Park'N Fly continued to invest in its proprietary technology platform, focusing on enhancing customer experience via a mobile app.

CANADIAN MIDSTREAM ASSETS

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

Canadian Midstream Assets places a strong emphasis on safety and reliability, and is committed to working with customers to meet their long-term energy infrastructure needs. The company is well positioned to expand its strategic pipeline and terminal network and diversify its asset base.

Canadian Midstream Assets places a strong emphasis on safety and reliability, and is committed to working with customers to meet their long-term energy infrastructure needs.

RELIANCE HOME COMFORT

Reliance Home Comfort ("Reliance") is one of Canada's leading home services companies offering the sale and rental of water heaters, HVAC (Heating, Ventilation, and Air Conditioning) equipment, water purification services and emerging green solutions including Heat

Reliance was recognised once again by Waterstone Human Capital as one of Canada's Most Admired Corporate Cultures for 2022-2023.

Pumps and EV chargers. In addition, Reliance also provides plumbing and electrical services, smart home solutions, and comfort protection plans to customers. Reliance serves over two million customers in Canada and has a growing presence in select areas in the United States.

During the year, Reliance was recognised once again by Waterstone Human Capital as one of Canada's Most Admired Corporate Cultures for 2022-2023; the company has maintained this distinction every year since 2016. This national programme recognises Best-in-Class Canadian organisations for building cultures that drive enhanced performance and competitive advantage.

Reliance has established a blueprint for Environmental, Social and Governance ("ESG") programmes that directly support six of the United Nations Sustainable Development Goals. The company's ESG efforts focus on reducing its impact on the environment and promoting sustainable practices, including carbon emission and waste reductions, across its footprint.

Through their dollar-for-dollar corporate matching programme, Reliance raised more than CAD $1,000,000 for the United Way, a national charity organisation which serves more than 5,000 communities across Canada.

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

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

The Group's infrastructure projects in Mainland China include toll roads and bridges in Guangdong province, namely the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, and Panyu Beidou Bridge.

In Mainland China, the lifting of anti-pandemic measures in late 2022 helped drive a gradual economic recovery. The 2023 revenue for the Mainland transportation portfolio caught up with that of pre-pandemic level.

During the year, the Shen-Shan Highway implemented measures to further enhance road safety, including the installation of an additional 1.4 km safety guardrail and the carrying out of slope stabilisation works.

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

Green Island Cement operates an integrated cement plant in Hong Kong and three cement facilities in Guangdong Province. The company also runs shipping and mining operations in Southeast Asia. With a strong commitment to continuously innovate to develop competitive products and services, Green Island Cement has been aggressively developing eco-friendly initiatives such as green cement products and hazardous waste treatment in recent years.

In recognition of its outstanding performance and achievements in green management, environmental, health and safety management, green governance and sustainable procurement, the Green Council presented the Gold Award in the category of Green Management Award – Corporate (Large Corporation) to Green Island Cement at the Hong Kong Green Awards 2023. This is the fifth consecutive year that Green Island Cement has received this prestigious Gold Award. The company was also included in the List of Sustained Performance 13 years+.

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

The robust and smart concrete supply chain of Alliance has always provided a strong support for infrastructure projects in Hong Kong.

During the year, Alliance's Concrete Production Hub at Tsing Yi commenced operation. As the pioneer of the industry, Alliance rolled out a number of digital initiatives to drive operational excellence and to raise the bar of customer experience. Major innovative measures include remote controlling all eight production lines at one center; launching the cutting-edge e-docket apps which provide contractors real-time tracking of concrete deliveries and foolproof and touchless goods receipt of concrete loads at sites. In October 2023, Alliance commemorated the commencement of the first electric concrete mixer truck in Hong Kong in conjunction with Hong Kong's Civil Engineering and Development Department. This marked a significant milestone of transition to new energy transportation and also a significant step forward on the journey of shaping a sustainable future for Hong Kong.

Alliance was presented two prestigious green awards in 2023, namely the Pioneer Award for Green Building Leadership in the Green Building Award 2023 co-organised by the Hong Kong Green Building Council and the Professional Green Building Council; as well as the Corporate Green Governance Award – Environmental Monitoring & Reporting in the Hong Kong Green Awards 2023 organised by the Green Council. These accolades highlight Alliance's dedication to providing sustainable construction materials solutions and its commitment to advancing sustainable development in the construction industry. Alliance is the only construction materials solutions provider recognised for these awards.

In October 2023, Alliance commemorated the commencement of the first electric concrete mixer truck in Hong Kong in conjunction with Hong Kong's Civil Engineering and Development Department.

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 31st December, 2023, cash and bank deposits on hand amounted to HK$13,077 million and the total borrowings of the Group amounted to HK$24,197 million, which included Hong Kong dollar borrowings of HK$2,673 million and foreign currency borrowings of HK$21,524 million. Of the total borrowings, 37 per cent were repayable in 2024 and 63 per cent were repayable between 2025 and 2027. To refinance certain borrowings repayable in 2024, the Group is in discussion with certain banks with good progress. The Group's financing activities continue to be well received and fully supported by its bankers.

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

As at 31st December, 2023, the Group maintained a net debt position with a net debt to net total capital ratio of 7.7 per cent. This was based on HK$11,120 million of net debt and HK$144,389 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was similar to that of 7.3 per cent at the year end of 2022.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) the appropriate level of borrowings denominated in the local currencies. The Group also entered into certain interest rate swaps to mitigate interest rate risks. As at 31st December, 2023, the notional amounts of these derivative instruments amounted to HK$55,923 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2023, certain assets were pledged to secure bank borrowings totalling HK$1,557 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2023, the Group was subject to the following contingent liabilities:

HK$ million	
Other guarantee given in respect of an affiliated company	142
Performance bond indemnities	174
Sub-contractor warranties	22
Total	338

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,407 employees. Employees' cost (excluding directors' emoluments) amounted to HK$1,030 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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

BOARD AND KEY PERSONNEL

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

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 59, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005, the Chairman of the Executive Committee of the Company since April 2005 and a member of the Nomination Committee of the Company since January 2019. Mr. Li has also been the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited ("CK Hutchison") since May 2018 and was re-designated as the Chairman and Executive Director on 1st April, 2024. Mr. Li is the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited ("CK Asset"). He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited ("Power Assets") and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. He serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region ("HKSAR"). He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam

aged 77, has been the Group Managing Director of the Company since its incorporation in May 1996 and a member of the Executive Committee of the Company since April 2005. He is the Deputy Managing Director of CK Hutchison Holdings Limited, the Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited, and the President of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

IP Tak Chuen, Edmond

aged 71, has been an Executive Director of the Company since its incorporation in May 1996, the Deputy Chairman of the Company since February 2003, a member of the Executive Committee of the Company since April 2005 and the Chairman of the Sustainability Committee of the Company since December 2020. He is Deputy Managing Director of CK Hutchison Holdings Limited. Mr. Ip is the Deputy Chairman and Executive Committee Member of CK Asset Holdings Limited from April 2024. He also acted as Deputy Managing Director of CK Asset until March 2024. He is also the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning

aged 72, has been an Executive Director and Deputy Chairman of the Company since March 1997. Mr. Fok is the Deputy Chairman of CK Hutchison Holdings Limited from April 2024. He also acted as the Group Co-Managing Director of CK Hutchison until March 2024. Mr. Fok is the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited and the Executive Chairman of CK Hutchison Group Telecom Holdings Limited ("CKHGT"). Mr. Fok is also the Deputy President Commissioner of PT Indosat Tbk. He was previously the Chairman of Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust and Power Assets Holdings Limited. Except for HPHM, HKEIM and CKHGT, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Frank John SIXT

aged 72, has been an Executive Director of the Company since its incorporation in May 1996. Mr. Sixt is the Group Co-Managing Director and Group Finance Director of CK Hutchison Holdings Limited from April 2024. He also acted as Deputy Managing Director of CK Hutchison until March 2024. He is also the Non-executive Chairman of TOM Group Limited, the Chairman and an Alternate Director of Hutchison Telecommunications (Australia) Limited, a Non-executive Director of TPG Telecom Limited, a Director of Cenovus Energy Inc., and an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Mr. Sixt was previously a Commissioner of PT Indosat Tbk. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Andrew John HUNTER

aged 65, has been an Executive Director of the Company since December 2006, Deputy Managing Director of the Company since May 2010 and a member of the Executive Committee of the Company since March 2007. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is the Chairman and Executive Director of Power Assets Holdings Limited from April 2024. He is also an Executive Director of CK Hutchison Holdings Limited from April 2024. All the companies mentioned above are listed companies. Prior to the appointment to the board of Power Assets in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 40 years of experience in accounting and financial management.

CHAN Loi Shun

aged 61, has been an Executive Director of the Company since January 2011, Chief Financial Officer of the Company since January 2006 and a member of the Executive Committee of the Company since April 2005. He joined the CK Group in January 1992. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHEN Tsien Hua

aged 61, has been an Executive Director of the Company since January 2017, a member of the Executive Committee of the Company since March 2007 and the Head of Business Development of the Company since 2005. She joined Hutchison Whampoa Limited in August 1992 and has been with the Company since July 1996. Ms. Chen holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

CHEONG Ying Chew, Henry

aged 76, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. Mr. Cheong has also been a member of the Nomination Committee of the Company since February 2024. He is also an Independent Non-executive Director of CK Asset Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and the Deputy Chairman of Worldsec Limited. All the companies mentioned above are listed companies. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee

aged 81, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Nomination Committee of the Company since January 2019 and the Chairperson of the Nomination Committee of the Company since December 2020. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director of Cenovus Energy Inc. Mrs. Kwok currently acts as the Chairperson of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. and also sits on the Governance Committee of Cenovus Energy Inc. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Human Resources and Compensation Committee of Cenovus Energy Inc., the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc., the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

SNG Sow-mei alias POON Sow Mei

aged 82, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Audit Committee of the Company since September 2004 and a member of the Remuneration Committee of the Company since September 2022. She acted as the Chairperson of the Audit Committee of the Company from July 2020 to May 2022. She is an Independent Non-executive Director of CK Asset Holdings Limited, a listed company. She is also an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee and the Nomination Committee of ARA Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Non-executive Director, the Lead Independent Director and a member of the Audit Committee of Hutchison Port Holdings Management Pte. Limited, as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

LAN Hong Tsung, David

aged 83, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005, and a member of the Sustainability Committee of the Company since February 2024. Dr. Lan is an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a listed company (will retire with effect from the conclusion of its annual general meeting to be held on 9th May, 2024). He is also an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. Dr. Lan is an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr. Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Limited, and holds directorship at Nanyang Commercial Bank, Limited since April 2002 and International Probono Legal Services Association Limited since 2019. Dr. Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant from October 2020. Dr. Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Paul Joseph TIGHE

aged 67, has been an Independent Non-executive Director of the Company since April 2017. He has been a member of the Audit Committee of the Company since March 2019 and the Chairman of the Audit Committee of the Company since May 2022. He has been a member of the Sustainability Committee of the Company since December 2020. He is also an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., both listed companies. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales.

LEE Pui Ling, Angelina

aged 75, has been a Non-executive Director of the Company since September 2004 and prior to that an Independent Non-executive Director of the Company from May 1996. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of Henderson Land Development Company Limited and TOM Group Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies. Mrs. Lee is also a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS

aged 88, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005, has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of CK Hutchison Holdings Limited and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He acted as an Executive Director of Cheung Kong (Holdings) Limited ("CKH") since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH since November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited ("HWL") since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. Mr. Magnus was previously the Chairman of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an Independent Non-executive Director until January 2014. Except for HKEIM, CKH and HWL, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics from King's College, Cambridge.

MAN Ka Keung, Simon

aged 66, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the CK Group in December 1987. He is Executive Committee Member and General Manager of Accounts Department of CK Asset Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He has over 43 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Eirene YEUNG

aged 63, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary and a member of the Sustainability Committee of the Company. She is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust. All the companies/investment trust mentioned above are listed in Hong Kong. She is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the CK Group in August 1994. She is a solicitor of the High Court of the HKSAR and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHAN Kee Ham, Ivan

aged 61, Chief Planning and Investment Officer, has been with the Company since September 1999. He is also the Chief Financial Officer of Power Assets Holdings Limited. He has over 35 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.

CHIU Yue Seng

aged 47, Head of Corporate Finance, joined the Company in January 2017. He is also an Executive Committee Member and Head of Special Projects of CK Asset Holdings Limited. He has over 20 years of experience in investment banking and finance. He holds a Bachelor of Arts degree and a Master's degree in Business Administration.

Donald William JOHNSTON

aged 81, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International (BVI) Limited, has been with the CK Group since 1988. He holds a Bachelor's degree in Civil Engineering and a Master's degree in Business Administration and is a Chartered Professional Engineer (Retired). He is a member of the Institute of Engineers (Australia) and a fellow of the Institute of Quarrying.

LUK Sai Hong, Victor

aged 60, Group General Counsel, has been with the Company since July 1998. He has over 30 years of experience in the legal field. He holds a Bachelor's degree in Social Science. He was admitted as solicitor of the Supreme Court in England in 1992 and was admitted as solicitor in Hong Kong in 1993. He is a solicitor of the High Court of the HKSAR and is a member of The Law Society of Hong Kong.

LUN Pak Lam

aged 66, Head of China Infrastructure, joined Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited in May 1993 and June 1994 respectively and has been with the Company since July 1996. He holds a Bachelor's and a Master's degree in Engineering, a Master of Finance degree in Investment Management and a Master of Science degree in Financial Analysis.

Duncan Nicholas MACRAE

aged 53, Head of International Business, joined the CK Group since February 2011. He has over 30 years of experience in the infrastructure investment field. He holds Bachelor's and Master's degrees in Philosophy, Politics & Economics, and is a member of the Institute of Directors, UK.

TONG BARNES Wai Che, Wendy

aged 63, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also an Executive Committee Member and Chief Corporate Affairs Officer of CK Asset Holdings Limited. She is also the Chief Corporate Affairs Officer of CK Life Sciences Int'l., (Holdings) Inc. and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

TSANG Pak Chung, Eddy

aged 66, Chief Executive Officer of CK Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International (BVI) Limited, Green Island Environment Limited and Anderson Asia (Holdings) Limited. He joined the CK Group in January 2005. He holds a Bachelor's degree in Economics and a Master's degree in Commerce. He is a member of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants and the Chartered Governance Institute, and is currently the Chairman of Hong Kong Construction Materials Association Limited, a fellow member of Institute of Quarrying and a member of Construction Business Development Committee of Construction Industry Council.

YIP Cheung, Lawrence

aged 60, Head of Internal Audit, has been with the Company since November 1997. He holds a Master's degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a fellow of the Institute of Chartered Accountants in England and Wales.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Christopher AUGHTON

aged 53, has been Chief Executive Officer of Enviro (NZ) Limited ("Enviro NZ") since January 2018. His career spans management and board positions at a variety of international organisations, as well as senior advisory roles in corporate finance and private equity. Prior to joining Enviro NZ, Mr. Aughton was Chief Executive Officer of a multi-national healthcare group headquartered in Sydney, Australia. He had also previously served as Director of Enviro Waste Services Limited (renamed Enviro NZ Services Limited in 2023; it is a wholly owned subsidiary of Enviro NZ) from 2007 to 2013. Mr. Aughton holds a Bachelor of Science and a Bachelor of Commerce (Honours).

Andrew BILLS

aged 57, is the Chief Executive Officer of SA Power Networks since May 2023. Mr. Bills has over 25 years of experience in the energy industry across the public and private sectors, covering power generation, retail supply, distribution, LPG and energy trading. He was previously Chief Executive of a Government owned power generator, and had held senior executive positions in several Australian energy industry organisations. Mr. Bills holds a Master's degree in Business Administration, a Bachelor's degree in Arts, and is a Graduate of the Australian Institute of Company Directors.

Shane COOKE

aged 48, was appointed Chief Executive Officer of Husky Midstream General Partnership ("Husky Midstream") in June 2023. Husky Midstream is a joint venture of Cenovus Energy Inc., ("Cenovus Energy") CK Infrastructure ("CKI") and Power Assets. CKI's shareholding in Husky Midstream is held by Canadian Midstream Assets. Mr. Cooke has over 20 years of experience in the energy industry across finance, commercial, midstream and downstream asset optimisation, strategy, project management, business development, governance and risk. Mr. Cooke has worked at Cenovus Energy for over 20 years, where he held progressively more senior roles across finance, corporate and downstream organisations. Mr. Cooke has a Bachelor of Commerce degree and is a CFA® Charterholder, CFA Institute.

Craig DE LAINE

aged 49, is Chief Executive Officer of Australian Gas Infrastructure Group, which consists of Australian Gas Networks Limited ("AGN"), Multinet Group Holdings Pty Limited, Dampier Bunbury Pipeline and AGI Development Group. He joined AGN in 2005. Prior to being appointed to his current position in November 2021, Mr. de Laine had responsibility for a broad range of key corporate functions, including business strategy, low carbon strategy and transition, hydrogen growth and development, ESG, corporate affairs, media, communications, regulation, customer service and business development, community engagement, risk and compliance and people and culture. He is currently a Director of Energy Networks Australia ("ENA") and is the Chairman of the ENA Gas Committee. Mr. de Laine holds a Master of Economics.

Graham Winston EDWARDS

aged 70, has been Chief Executive of Wales & West Utilities Limited since the business commenced in 2005. Mr. Edwards has significant senior management experience across the utility sector. Prior to his tenure in Wales & West Utilities, he worked in the electricity and water sectors, where he held senior posts in human resources, operations, and business leadership roles with full P&L responsibilities. He has also spent many years in the manufacturing sector with global automotive and consumer goods companies. Mr. Edwards has a Master's degree in Business Administration, and is a Fellow of the Chartered Institute of Personnel and Development. He is a Non-executive Director of the Institute of Customer Service. He is a previous Wales Chair of both the Confederation of British Industry and Business in the Community.

Derek David GOODMANSON

aged 57, is Chief Executive Officer of Canadian Power Holdings Inc. He joined the company as Technical and Commercial Director in 2011, and was promoted to his current position in 2012. Mr. Goodmanson has over 30 years of experience in engineering, maintenance, project management, operations, and commercial management in the power industry, having held a number of key leadership roles in the power generation and transmission sectors throughout Canada. He holds a Bachelor of Mechanical Engineering degree, and is a Registered Professional Engineer in Canada. He also completed the Ivey Executive Development Programme.

James Christopher HARMAN

aged 55, has been Chief Executive Officer of Energy Developments Pty Limited ("EDL") since October 2016. Before joining EDL, Mr. Harman had over 20 years of experience in the natural resource industry in the United Kingdom and Australia, and has extensive international leadership and business development experience. Prior to his current position, he was Group Head of Business Development of a top-tier natural resource company. Mr. Harman is the Deputy Chair of the Australian Energy Council, and is a Director of Bioenergy Australia. He holds a Bachelor's degree in Commerce and a Master's degree in Laws.

Mark John HORSLEY

aged 64, has been Chief Executive Officer of Northern Gas Networks Limited since 2011. He has more than 45 years of experience in the energy sector. Mr. Horsley has held a number of senior appointments in the industry, which include an international built asset consultancy and power companies. Mr. Horsley held the post of Chairman of the UK Energy Networks Association from 2004 to 2006 and was Chairman of the Energy Innovation Centre from 2014 to 2017.

Mary KENNY

aged 58, is Chief Executive Officer of Eversholt Rail. Ms. Kenny was first involved in Eversholt Rail in 1997 as part of the due diligence team of the bank which acquired Eversholt Leasing (now known as Eversholt Rail). Subsequently she worked in Eversholt Rail as Commercial Manager until 2001, before returning to banking where she held various finance roles around the asset and structured finance portfolio. In 2007, Ms. Kenny rejoined Eversholt Rail as Head of Finance and Chief Operating Officer before being promoted to her current position in 2008. During her time with Eversholt Rail, she has overseen a number of significant investment programmes in addition to operational and ownership changes. Ms. Kenny has a Bachelor's degree in Business and is a qualified Chartered Management Accountant.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Hagen LESSING

aged 50, has been Chief Executive Officer of the ista Group since June 2021. He joined ista as Chief Executive Officer of ista Germany in October 2019. Prior to joining ista, Dr. Lessing worked for a world renowned consulting group for more than 15 years, having supported clients from the energy and industrial goods sectors in Germany, Scandinavia and the United Kingdom with a focus on strategy, transformation and digitization. Dr. Lessing studied Business Management and Engineering in Germany and the United States, and holds a Doctor's degree in Applied Computer Science.

Peter LOWE

aged 71, was appointed as Chairman of Multinet Group Holdings Pty Limited and United Energy Distribution Holdings Pty Limited in 2004, and Chairman of Dampier Bunbury Natural Gas Pipeline Holdings Pty Limited in 2021. He has also been an Independent Director of Australian Gas Networks Limited since 2017. Mr. Lowe has over 30 years of commercial experience at senior management level including development of strategies for new business, corporate restructuring, financing of acquisitions and making operational improvements. Mr. Lowe holds a Bachelor's degree in Commerce and a Master's degree in Business Administration.

Yves Willy André LUCA

aged 58, has been Chief Executive Officer of AVR-Afvalverwerking B.V. ("AVR") since 2013, where he managed the acquisition by a consortium led by the Group and the transition of AVR. Mr. Luca has 27 years of experience in the waste management industry, where he held several regional and national executive positions, as well as directorships in both managing board and group board in Europe's leading waste service, raw materials and energy provider group. Over the years, he has been responsible for waste collection operations, recycling activities and energy-from-waste activities in Belgium and Eastern Europe. Mr. Luca holds a Master's degree in Applied Economic Science.

Carlo MARRELLO

aged 59, is Chief Executive Officer of Park'N Fly. He joined the company in 2014. Mr. Marrello has over 30 years of experience in executive management, consulting, sales, and operations in both the financial and commercial logistics industries. He has a Bachelor's degree, and has previously held a number of senior appointments, which include the Global Head of Commodities Logistics at a leading bank in Canada.

Stuart Michael MAYER

aged 57, is General Manager of Seabank Power Limited. He joined the company as Commercial Financial Controller in 2001, and was promoted to his current position in 2007. Mr. Mayer held a variety of commercial and financial roles in the civil and military aero engine sectors in the United Kingdom and overseas. Mr. Mayer is a Chartered Management Accountant with over 30 years of experience in engineering and utilities.

Neil Douglas MCGEE

aged 72, is Chairman and a Non-executive Director of Dutch Enviro Energy Holdings B.V. He joined the CK Hutchison Group in 1978, holding various legal, corporate secretarial, finance and management positions. He is also an Executive Director of Power Assets Holdings Limited and a Director of UK Power Networks Holdings Limited, Northern Gas Networks Limited and Seabank Power Limited. Mr. McGee holds a Bachelor of Arts degree and a Bachelor of Laws degree.

Heidi MOTTRAM

aged 59, is Chief Executive Officer of the Northumbrian Water Group Limited and Northumbrian Water Limited Boards. Ms. Mottram has held the positions since 2010 before Northumbrian Water's acquisition by a consortium led by the Group in October 2011. Prior to her current position, Ms. Mottram has held a number of senior management roles in the rail and transport sector, and she was awarded an OBE in the New Year Honours List 2010 for services to the rail industry. Ms. Mottram is currently a board member of the North East Local Enterprise Partnership. In 2016, she was selected to be the Prince of Wales' Business Ambassador to the North East, in conjunction with Business in the Community. In the same year, Ms. Mottram was also named North East Business Executive of the Year for her contribution to business in the North East of England. In 2018, Ms. Mottram was awarded a CBE in the Queen's Birthday Honours List for her contribution to the water industry and business community. Ms. Mottram received the Chair's Award for Excellence in Director and Board Practice by Institute of Directors in Yorkshire and North East in 2020.

Sean O'BRIEN

aged 57, is President and Chief Executive Officer of Reliance Home Comfort. Mr. O'Brien has over 25 years of senior leadership experience in sales, general management, marketing and business development, with an emphasis on fostering a high performance culture. Prior to his current role, he was President of Canada's largest industrial supplies distribution company. In 2016 he was recognised as Canada's Most Admired™ CEO and in 2017 won Glassdoor Highest Rated CEO of the Year Award. Mr. O'Brien holds a Bachelor's degree in Social Studies.

Richard Clive PEARSON

aged 78, has been Chairman of Wellington Electricity Distribution Network Limited and its subsidiary companies since the organisation's establishment in 2008. He was also appointed Chairman of Enviro (NZ) Limited in 2013. Prior to his current positions, Mr. Pearson worked for Hutchison Whampoa Group (now known as CK Hutchison Holdings) from 1975 to 2007, holding various senior roles in Hutchison Port Holdings Group, including Managing Director – Europe Division from 2005 to 2007, President of ECT Rotterdam from 2002 to 2004, as well as Managing Director of Hongkong International Terminals Ltd. from 1996 to 1998. Mr. Pearson holds a Bachelor's degree in Commerce and is a member of the New Zealand Society of Accountants.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Timothy Hugh ROURKE

aged 52, is Chief Executive Officer of Victoria Power Networks Pty Ltd. ("Victoria Power Networks") and its subsidiaries. He is also the Chief Executive Officer of United Energy Distribution Holdings Pty Limited. Prior to joining Victoria Power Networks in April 2013, Mr. Rourke was Chief Executive Officer of an energy infrastructure business operating in Australia and New Zealand. Previous experience included senior executive roles with a number of Australian based energy and infrastructure companies. Before entering the energy sector, he worked for a multi-national mining company and an international accounting and consultancy firm. Mr. Rourke is a Director of Energy Networks Australia, the national industry association representing electricity and gas distribution business. He holds a Bachelor of Commerce degree.

Basil SCARSELLA

aged 68, has been Chief Executive Officer of UK Power Networks Holdings Limited since its establishment in late 2010. Prior to his current appointment, Mr. Scarsella held a number of senior positions in the Group's businesses, including Chief Executive Officer of Northern Gas Networks Limited in the United Kingdom from 2005 to 2010, and Chief Executive Officer of SA Power Networks in Australia from 1998 to 2005. Before SA Power Networks was acquired by the Group, he worked in ETSA Utilities and other energy companies in Australia. Mr. Scarsella has a degree in Economics and is a Certified Practising Accountant. He is a Life Member of Football Australia and received the Australian Sports Medal in 2000, and in 2003 became a Member of the Order of Australia (AM) for his services to sport. Mr. Scarsella was the Chairman of the Energy Networks Association in the United Kingdom from 2014 to 2017.

Greg Donald SKELTON

aged 59, is Chief Executive Officer of Wellington Electricity Lines Limited. He has been with the company since its formation in 2009. Mr. Skelton has over 30 years of experience in the fields of production engineering, electrical engineering and business management. He holds a Bachelor's degree in Electrical Engineering, a Master's degree in Business Administration, and is a Fellow of Engineering New Zealand.

Peter Peace TULLOCH

aged 80, has been Chairman of SA Power Networks, Victoria Power Networks Pty Ltd., as well as its subsidiaries since 2005. He was appointed Chairman of Australian Gas Networks Limited in late 2014, and he is also a Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. Mr. Tulloch has over 30 years of banking experience in Asia. He was educated in Scotland and is a Fellow of the Institute of Canadian Bankers.

REPORT OF THE DIRECTORS

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2023.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 24 to 55, pages 6 to 11 and pages 12 to 18 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Ten-year Financial Summary on page 5 and Financial Review on pages 56 to 57. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 188 to 196. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2023, if any, are set out in the Chairman's Letter on pages 6 to 11. The above discussions form part of the Report of the Directors.

As a global infrastructure player, we recognise the escalating expectations from stakeholders and regulatory bodies alike, all advocating for ambitious net zero targets within the next few decades. This rising tide of stakeholder expectation serves as a catalyst for industries, including ours, to enhance their climate action efforts to maintain the global temperature increase below 1.5°C. Reflecting this urgency, the Group has pledged to achieve a 50% reduction in Scope 1 and 2 emissions by 2035 from our baseline in 2020, with the ultimate goal of pursuing net zero by 2050. Along this transformative journey, we expect our business units to make significant contributions to achieve the Group's decarbonisation targets, reinforcing our collective responsibility to a sustainable future. Nevertheless, the shift from fossil fuels, while challenging, opens up a myriad of unprecedented opportunities, particularly within a stringent regulatory framework that increasingly favours sustainable practices. The Group is strategically positioned to leverage these emerging prospects and stands ready to deliver innovative and cleaner solutions, enabling an energy transition for our clients and the wider community.

Additionally, as part of our commitment to fostering greater trust among our stakeholders, we continue to advance our reporting practices and present detailed climate-related disclosures, aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in our Sustainability Report this year.

Aligned with our climate initiatives, the Group has reinforced its dedication to environmental stewardship with the establishment of the Biodiversity Policy, placing the protection of nature and respect for all lives at the heart of our corporate strategy for sustainable, long-term growth. The Biodiversity Policy applies across the Group's operations and serves as a directive for our collective efforts in nurturing biodiversity. The Group also encourages its stakeholders, including its suppliers, contractors, business partners and customers, to follow the practices outlines in the Biodiversity Policy and to further their own efforts at environmental protection and biodiversity conservation.

BUSINESS REVIEW (CONT'D)

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

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

The Group is steadfast in its commitment to a just transition that steers us toward a sustainable future while maintaining a strong focus on inclusivity and equity. The formalisation of the Workforce Diversity Policy, which applies to all Group companies, affirms our dedication to creating a diverse and inclusive workplace, fostering gender empowerment, gender equality and gender diversity across our workforce. Progress in embedding these principles of diversity and inclusion within our workplace, culture, strategy and processes is continuously monitored, and training on diversity and inclusion is provided to our employees from time to time to uphold these values within our corporate culture.

Furthermore, our dedication to a just transition is mirrored in our investment in the professional development of our employees. By offering extensive training, mentorship, and clear career progression opportunities, we are cultivating a workforce that is skilled, motivated, and equipped to succeed in the dynamic nature of our industry.

Building on our commitment to employee development and a just transition, the Group also places a high priority on the satisfaction and well-being of our customers. We are dedicated to creating a safe and secure environment for them and, to this end, have implemented a series of measures that ensure they receive current information on the health, safety, and environmental risks associated with our products and services. Furthermore, our business units foster local community engagement by establishing groups that provide a forum for community interaction and organising various activities to heighten awareness about the significance of environmental protection. By uniting with our customers and collaborating on these initiatives, we are confident that we can advance toward a shared vision of forging a more sustainable and resilient landscape for the benefit of all.

The Group acknowledges the potential environmental and social consequences that can arise throughout the supply chain and is dedicated to mitigating these risks through collaborative efforts with our suppliers. ESG-related factors are carefully considered and given significant weight in the assessment process for potential suppliers and contractors. To cultivate valuable partnerships with our suppliers, regular monitoring, audits, and evaluations are conducted to assess their performance. Our business units have also implemented various approaches to ensure the effective implementation of monitoring systems, with nearly all suppliers participating in the assessment process.

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

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2023 are set out in the Consolidated Income Statement on page 91.

The Directors recommend the payment of a final dividend of HK$1.85 per share which, together with the interim dividend of HK$0.71 per share paid on 13th September, 2023, makes the total dividend of HK$2.56 per share for the year.

GROUP FINANCIAL SUMMARY

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

DIRECTORS

The Directors of the Company in office at the date of this Annual Report are listed on page 206 and their biographical information is set out on pages 58 to 65.

Mrs. Chow Woo Mo Fong, Susan ceased to act as Alternate Director to Mr. Fok Kin Ning, Canning with effect from 1st July, 2023.

Mr. Barrie Cook retired as an Independent Non-executive Director of the Company with effect from 10th February, 2024.

In accordance with the Company's Bye-laws, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Accordingly, Mr. Ip Tak Chuen, Edmond, Mr. Andrew John Hunter, Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David and Mr. George Colin Magnus will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a specified undertaking of the Company was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2023 and as at the date of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

As at 31st December, 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long Positions in Shares

			Number of Ordinary Shares/Share Stapled Units					
Name of Company	Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.22%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	2,572,350 (Note 3)	1,162,632,010 (Note 2)	1,165,829,560	30.43%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,011,438 (Note 9)	–	6,011,438	0.15%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	Lan Hong Tsung, David	Beneficial owner	13,680	–	–	–	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	–	–	–	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	–	833,868 (Note 10)	936,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 11)	11,895 (Note 11)	–	–	11,895	0.0003%
Power Assets Holdings Limited	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation & beneficiary of trusts	–	–	5,170,000 (Note 5)	2,700,000 (Note 6)	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 9)	–	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	–	–	–	2,000	0.00002%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	–	1,000,000 (Note 9)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%

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

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

Name of Company	Name of Director	Capacity	Number of Ordinary Shares/Share Stapled Units: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	353,047,203 (Note 7)	53,604,826 (Note 8)	406,844,029	8.44%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 9)	–	1,202,380	0.024%
	Frank John Sixt	Beneficial owner	255,000	–	–	–	255,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0002%

(2) Long Positions in Debentures

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

Notes:

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

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

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

2. The 1,162,632,010 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

   (a) 1,005,817,044 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

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

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

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

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

3. The 2,572,350 shares in CK Hutchison comprise:

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

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

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

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

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

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

Notes (Cont'd):

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

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

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

8. The 53,604,826 shares in HTHK comprise:

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

    (b) 53,451,546 shares held by TUT1 as trustee of UT1 together with a company which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at its general meeting ("TUT1 related company"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 53,451,546 shares of HTHK held by TUT1 as trustee of UT1 and TUT1 related company under the SFO.

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

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

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2023, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2023, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

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

Notes:

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

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

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

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

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

Save as disclosed above, as at 31st December, 2023, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 31.39 per cent of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounted for 10.95 per cent of the Group's purchases. The Group's five largest customers accounted for less than 30 per cent of the Group's sales of goods or services.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

(a) Core Business Activities of the Group

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

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business [Note i]
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2), (3), (4) & (5)
	CK Hutchison Holdings Limited	Chairman and Executive Director [Note ii]	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Non-executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(8)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President	(8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited	Deputy Chairman [Note iii]	(1), (2), (3), (4) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Deputy Chairman [Note iv]	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Note v	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (7)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman	(7)
	Cenovus Energy Inc.	Note vi	(1)
Frank John Sixt	CK Hutchison Holdings Limited	Group Co-Managing Director and Group Finance Director [Note vii]	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
	TOM Group Limited	Non-executive Chairman	(7) & (8)
	Cenovus Energy Inc.	Director	(1)
Andrew John Hunter	Power Assets Holdings Limited	Chairman and Executive Director [Note viii]	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Executive Director	(1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(7) & (8)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
Man Ka Keung, Simon	Dutch Enviro Energy Holdings B. V.	Note ix	(4)
	Wales & West Gas Networks (Holdings) Limited	Note ix	(1)
	DUET Company Pty Limited	Director	(1)
	Northumbrian Water Group Limited	Director	(3)
	UK Power Networks Holdings Limited	Director	(1)
	UK Rails S.à r.l.	Note ix	(2)
Eirene Yeung	Reliance Holdings LP	Note x	(5)
	Dutch Enviro Energy Holdings B. V.	Note x	(4)
	Wales & West Gas Networks (Holdings) Limited	Note x	(1)
	DUET Company Pty Limited	Note x	(1)

Notes:

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

ii. Mr. Victor T K Li was the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited before the re-designation with effect from 1st April, 2024.

iii. Mr. Ip Tak Chuen, Edmond was the Deputy Managing Director of CK Asset Holdings Limited before the re-designation with effect from 1st April, 2024.

iv. Mr. Fok Kin Ning, Canning was the Group Co-Managing Director of CK Hutchison Holdings Limited before the re-designation with effect from 1st April, 2024.

v. Mr. Fok Kin Ning, Canning was the Chairman of Power Assets Holdings Limited before the retirement with effect from 1st April 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

Notes (Cont'd):

vi. Mr. Fok Kin Ning, Canning was a Director of Cenovus Energy Inc. before the retirement with effect from 26th July, 2023.

vii. Mr. Frank John Sixt was the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited before the re-designation with effect from 1st April, 2024.

viii. Mr. Andrew John Hunter was an Executive Director of Power Assets Holdings Limited before the appointment with effect from 1st April, 2024.

ix. Mr. Man Ka Keung, Simon is a director of certain direct or indirect unlisted holding companies of the entity.

x. Ms. Eirene Yeung is a director of a direct unlisted holding company of the entity or certain indirect unlisted holding companies of the entity.

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

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31st December, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2023, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31st December, 2023.

MANAGEMENT CONTRACTS

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

PUBLIC FLOAT

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

DONATIONS

Donations made by the Group during the year amounted to HK$932,000.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 31st December, 2023, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 31st December, 2023 is set out below:

HK$ million	
Non-current assets	502,264
Current assets	24,858
Current liabilities	(55,834)
Non-current liabilities	(298,885)
Net assets	172,403
Share capital	43,690
Reserves	128,016
Non-controlling interests	697
Total equity	172,403

As at 31st December, 2023, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$82,836 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2023 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on pages 167 to 170.

AUDITOR

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment at the 2024 annual general meeting.

On behalf of the Board
VICTOR T K LI
Chairman

20th March, 2024

Note: With effect from 1st April, 2024, (1) Mr. Victor T K Li was re-designated from the position of Chairman and Group Co-Managing Director to the Chairman and Executive Director of CK Hutchison Holdings Limited; (2) Mr. Ip Tak Chuen, Edmond was re-designated from the position of Deputy Managing Director to Deputy Chairman of CK Asset Holdings Limited; (3) Mr. Fok Kin Ning, Canning was re-designated from the position of Group Co-Managing Director to Deputy Chairman of CK Hutchison Holdings Limited and was retired from the Chairman of Power Assets Holdings Limited; (4) Mr. Frank John Sixt was re-designated from the position of Group Finance Director and Deputy Managing Director to Group Co-Managing Director and Group Finance Director of CK Hutchison Holdings Limited; and (5) Mr. Andrew John Hunter was appointed as Chairman of Power Assets Holdings Limited. The positions held by the Executive Directors provided in this Annual Report have been updated as at 18th April, 2024, the date of release of this Annual Report.

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of CK Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 151, which comprise the consolidated statement of financial position as at 31st December, 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

KEY AUDIT MATTER (CONT'D)

Valuation of interests in joint ventures

Key audit matter	How our audit addressed the key audit matter
We identified the valuation of interests in joint ventures as a key audit matter due to the significance of the Group's interests in joint ventures in the context of the Group's consolidated financial statements. As at 31st December, 2023, the carrying amount of interests in joint ventures amounted to HK$104,093 million as stated in note 18 to the consolidated financial statements, which represented approximately 63% of the Group's total assets. As disclosed in note 3(e) to the consolidated financial statements, interests in joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint ventures, less impairment in the values of individual investments. As such, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of interests in joint ventures may be impaired. For those joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment.	Our procedures in relation to the valuation of interests in joint ventures included: • Assessing the appropriateness of the management's accounting for interests in joint ventures; • Understanding and evaluating the management's process for identifying the existence of impairment indicators in respect of the interests in joint ventures; • Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amounts of each of the joint ventures and obtaining an understanding from the management of their financial position and future prospects; and • Understanding the management process for determining and assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts of those interests in joint ventures with impairment indicators, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20th March, 2024

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

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

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

20th March, 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

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

1. GENERAL

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES

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

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

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

3. MATERIAL ACCOUNTING POLICIES

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

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

(a) Basis of Consolidation

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

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

(b) Goodwill

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

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

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

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

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

(e) Associates and Joint Ventures

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

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

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

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

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

(g) Investment Properties

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

(h) Inventories

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

(i) Financial Instruments

Investments in securities

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Other investments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Debtors

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

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

Cash and cash equivalents

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

Bank and other loans

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

Creditors

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

Equity instruments

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

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

Financial guarantee contracts

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

Fair value

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Impairment

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

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

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

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

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

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

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

(j) Revenue Recognition

Sales of goods

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

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

Sales of services

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Revenue Recognition (Cont'd)

Interest income

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

(k) Foreign Currencies

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) Taxation

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

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

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

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

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

(m) Leases

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Employee Retirement Benefits

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

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

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Currency Risk

The Group is exposed to currency risk primarily arising from foreign investments and borrowings denominated in currencies other than the functional currency of individual subsidiaries, which accounted for 28 per cent of the Group's borrowings (2022: 24 per cent). The Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of relevant countries. The Group also entered into currency derivatives to hedge most foreign investments financed by internal resources. Given this, the management considers that the net exposure to currency risk is kept to an appropriate level. Details of the currency derivatives entered into by the Group at the end of the reporting period are set out in note 20.

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 91 per cent of the Group's bank balances and deposits at the end of the reporting period (2022: 92 per cent). Those bank balances and deposits are mainly denominated in United States dollars, Australian dollars, Pounds sterling, New Zealand dollars and Renminbi. The management maintains the portfolio of bank deposits denominated in different currencies and the exposure to currency risk is kept to an appropriate level.

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

(a) Currency Risk (Cont'd)

Sensitivity analysis

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

	2023		2022	
HK$ million	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income decrease	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income decrease
Australian dollars	**16**	**(410)**	21	(403)
Pounds sterling	**104**	**(1,221)**	154	(1,164)
Japanese yen	**(82)**	**–**	(89)	–
Canadian dollars	**9**	**(326)**	13	(316)
New Zealand dollars	**8**	**(68)**	4	(68)
Euros	**9**	**(437)**	6	(416)

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

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

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

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

(b) Interest Rate Risk

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

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

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

Sensitivity analysis

At 31st December, 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's profit for the year by HK$15 million (2022: HK$6 million). Other comprehensive income would increase by HK$70 million (2022: HK$66 million) in response to the general increase in interest rates. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

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

(c) Credit Risk

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

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

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

(c) Credit Risk (Cont'd)

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

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

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

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

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

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

(d) Liquidity Risk

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

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

(d) Liquidity Risk (Cont'd)

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

	2023						2022					
HK$ million	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash outflows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Unsecured bank loans	13,973	15,483	2,039	3,997	9,447	–	18,148	19,784	5,701	1,861	12,222	–
Secured bank loans	1,557	1,683	89	1,594	–	–	1,523	1,712	78	78	1,556	–
Lease liabilities	372	452	51	48	124	229	351	427	42	41	108	236
Unsecured notes and bonds	8,667	8,922	7,771	31	1,120	–	8,540	8,962	186	7,555	1,221	–
Trade creditors	329	329	329	–	–	–	313	313	313	–	–	–
Other payables and accruals	786	786	761	–	–	25	906	906	880	–	–	26
	25,684	27,655	11,040	5,670	10,691	254	29,781	32,104	7,200	9,535	15,107	262
Derivatives settled gross:												
Currency derivatives held as net investment hedging instruments:												
– outflow		50,049	37,271	4,663	8,115	–		48,207	30,832	4,883	12,492	–
– inflow		(49,429)	(36,336)	(4,208)	(8,885)	–		(48,405)	(29,918)	(5,394)	(13,093)	–
		620	935	455	(770)	–		(198)	914	(511)	(601)	–

(e) Other Price Risk

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

Sensitivity analysis

At 31st December, 2023, it is estimated that a 5 per cent decrease in the prices of the respective instruments, with all other variables held constant, would decrease the Group's profit for the year by HK$77 million (2022: HK$79 million). A 5 per cent increase in prices would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

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

(e) Other Price Risk (Cont'd)

Sensitivity analysis (Cont'd)

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

(f) Interest Rate Benchmark Reform

During the year, the USD LIBOR revolving loan facilities of the Group have been transitioned to Secured Overnight Financing Rate ("SOFR"). The Directors anticipate that the interest rate benchmark reform has no material impact on the Group's risk exposure.

(g) Fair Value

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

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

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

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

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

At 31st December, 2023, investment properties amounting to HK$408 million (2022: HK$408 million) and unlisted investment in securities amounting to HK$353 million (2022: HK$338 million) were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly. Other investments amounting to HK$1,189 million (2022: HK$1,252 million) were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonable possible alternatives would not have material effect on the Group's results and financial position.

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

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

(h) Offsetting Financial Assets and Financial Liabilities

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

As at 31st December, 2023 HK$ million	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial assets/ (liabilities)	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged/ (received)	Net amounts
Financial asset						
Derivative financial instruments	24	–	24	(24)	–	–
Financial liability						
Derivative financial instruments	(465)	–	(465)	24	–	(441)

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Impairment testing of goodwill

Goodwill is tested for impairment annually or more frequently when there is any indication of impairment which required the Group to estimate the value in use of the relevant cash-generating unit. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of goodwill as at 31st December, 2023 is HK$848 million (2022: HK$843 million). Details of the impairment testing of goodwill are disclosed in note 21.

(b) Impairment testing of intangible assets

Impairment testing of intangible assets requires significant judgement and estimate. Intangible assets with indefinite useful lives are tested for impairment annually and intangible assets with definite useful lives are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposals and value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of intangible assets as at 31st December, 2023 is HK$1,451 million (2022: HK$1,403 million).

6. TURNOVER

Turnover represents net sales of infrastructure materials, interest income from loans granted to associates and joint ventures, sales of waste management services and share of turnover of joint ventures. Sales of infrastructure materials and waste management services were substantially recognised at a point in time.

Turnover comprises both sales and interest income from infrastructure investments and share of turnover of joint ventures as follows:

HK$ million	2023	2022
Sales of infrastructure materials	**1,741**	2,066
Interest income from loans granted to associates	**264**	287
Interest income from loans granted to joint ventures	**1,993**	2,361
Sales of waste management services	**1,992**	1,901
Sales and interest income from infrastructure investments	**5,990**	6,615
Share of turnover of joint ventures	**32,592**	32,621
Turnover	**38,582**	39,236

7. OTHER INCOME

Other income includes the following:

HK$ million	2023	2022
Gain on disposal of joint ventures	–	526
Bank interest income	616	203

8. OPERATING COSTS

Operating costs include the following:

HK$ million	2023	2022
Depreciation of property, plant and equipment	295	306
Amortisation of intangible assets	30	36
Cost of inventories sold	1,628	1,952
Cost of services provided	1,190	1,137

9. FINANCE COSTS

HK$ million	2023	2022
Interest and other finance costs on		
Bank loans	745	507
Notes and bonds	197	126
Lease liabilities	12	12
Others	(185)	(126)
Total	769	519

10. PROFIT BEFORE TAXATION

HK$ million	2023	2022
Profit before taxation is arrived at after charging:		
Staff costs	1,030	941
Lease expenses relating to short-term leases and leases of low-value assets	70	75
Directors' emoluments (note 33)	115	114
Auditor's remuneration	8	8

11. TAXATION

(a) Taxation is provided for at the applicable tax rates on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

HK$ million	2023	2022
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	92	67
Deferred taxation (note 27)	26	53
Total	119	121

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

HK$ million	2023	2022
Profit before taxation	8,578	8,294
Less: Share of results of associates	(2,571)	(2,442)
Share of results of joint ventures	(3,687)	(3,084)
	2,320	2,768
Tax at 16.5% (2022: 16.5%)	383	457
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(148)	(211)
Income not subject to tax	(216)	(244)
Expenses not deductible for tax purpose	60	56
Tax losses and other temporary differences not recognised	11	34
Others	29	29
Tax charge	119	121

11. TAXATION (CONT'D)

(c) Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released the Pillar Two model rules (the Global Anti-Base Erosion Proposal) for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least €750 million. CK Hutchison, the ultimate holding company of the Group, will be in scope of this new Pillar Two tax reform.

Draft legislation for implementation of the global minimum tax and the domestic minimum top-up tax in Hong Kong has yet to be introduced. For certain other jurisdictions where the Group has operations, Pillar Two legislation has been enacted or substantively enacted and will be effective for the Group's financial year beginning on 1st January, 2024.

In July 2023, the HKICPA made amendments to HKAS 12 which provided temporary relief from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under OECD's Pillar Two model rules, a top-up tax liability would arise when the effective tax rate of CK Hutchison's operations in a jurisdiction is below 15 per cent and potential tax exposure on each jurisdiction of the Group will be estimated on group basis at CK Hutchison level. Based on the information currently available, current tax exposure or impact on the Group's income tax position is not expected to be material for the relevant jurisdictions which have Pillar Two legislation enacted or substantively enacted.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

			Infrastructure Investments																	
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Turnover	–	–	18,263	18,795	6,836	6,703	4,678	4,827	3,201	3,395	3,087	3,064	2,517	2,452	38,582	39,236	–	–	38,582	39,236
Sales and interest income from infrastructure investments	–	–	980	1,184	837	658	218	556	1,741	2,066	222	250	1,992	1,901	5,990	6,615	–	–	5,990	6,615
Bank interest income	–	–	–	–	–	–	–	–	62	44	–	–	3	2	65	46	551	157	616	203
Other income	–	–	–	–	–	–	–	–	104	132	–	–	5	5	109	137	59	2	168	139
Change in fair value of derivative financial instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(103)	51	(103)	51
Depreciation and amortisation	–	–	–	–	–	–	–	–	(104)	(105)	–	–	(220)	(236)	(324)	(341)	(1)	(1)	(325)	(342)
Other operating costs	–	–	–	–	–	–	–	–	(1,773)	(2,096)	–	–	(1,586)	(1,500)	(3,359)	(3,596)	(470)	(420)	(3,829)	(4,016)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(104)	(69)	(104)	(69)	(665)	(450)	(769)	(519)
Exchange (loss)/gain	–	–	–	–	–	–	–	–	(8)	(32)	–	–	–	–	(8)	(32)	580	143	572	111
Gain on disposal of joint ventures	–	–	–	526	–	–	–	–	–	–	–	–	–	–	–	526	–	–	–	526
Share of results of associates and joint ventures	2,162	2,033	2,070	1,359	1,018	1,318	317	108	93	189	498	430	100	89	6,258	5,526	–	–	6,258	5,526
Profit/(Loss) before taxation	2,162	2,033	3,050	3,069	1,855	1,976	535	664	115	198	720	680	190	192	8,627	8,812	(49)	(518)	8,578	8,294
Taxation	–	–	–	–	–	–	–	–	(4)	(15)	(72)	(63)	(22)	(25)	(98)	(103)	(21)	(18)	(119)	(121)
Profit/(Loss) for the year	2,162	2,033	3,050	3,069	1,855	1,976	535	664	111	183	648	617	168	167	8,529	8,709	(70)	(536)	8,459	8,173
Attributable to:																				
Shareholders of the Company	2,162	2,033	3,050	3,069	1,855	1,976	535	664	117	196	648	617	168	167	8,535	8,722	(508)	(974)	8,027	7,748
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	438	438	438	438
Non-controlling interests	–	–	–	–	–	–	–	–	(6)	(13)	–	–	–	–	(6)	(13)	–	–	(6)	(13)
	2,162	2,033	3,050	3,069	1,855	1,976	535	664	111	183	648	617	168	167	8,529	8,709	(70)	(536)	8,459	8,173

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

for the year ended 31st December

HK$ million	Investment in Power Assets Holdings Limited		Infrastructure Investments: United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	-	-	-	-	-	-	-	-	85	90	-	-	290	426	375	516	3	-	378	516
– Additions to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	22	6	22	6	-	-	22	6
– Investments in joint ventures	-	-	8,210	-	-	-	-	8,138	-	-	40	89	-	-	8,250	8,227	-	-	8,250	8,227
as at 31st December																				
Assets																				
Interests in associates and joint ventures	31,961	31,279	53,389	49,606	32,357	31,728	15,248	14,754	776	940	8,539	8,439	1,063	1,083	143,333	137,829	-	-	143,333	137,829
Property, plant and equipment and investment properties	-	-	-	-	-	-	-	-	1,626	1,667	-	-	1,859	1,757	3,485	3,424	2	1	3,487	3,425
Other segment assets	-	-	307	412	-	-	-	-	2,625	2,587	2	4	2,812	2,740	5,746	5,743	-	-	5,746	5,743
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,307	18,870	13,307	18,870
Total assets	31,961	31,279	53,696	50,018	32,357	31,728	15,248	14,754	5,027	5,194	8,541	8,443	5,734	5,580	152,564	146,996	13,309	18,871	165,873	165,867
Liabilities																				
Segment liabilities	-	-	64	64	-	-	100	97	945	1,039	147	90	2,694	2,608	3,950	3,898	-	-	3,950	3,898
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,652	32,587	28,652	32,587
Total liabilities	-	-	64	64	-	-	100	97	945	1,039	147	90	2,694	2,608	3,950	3,898	28,652	32,587	32,602	36,485

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

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

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

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

13. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company of HK$8,027 million (2022: HK$7,748 million) and on 2,519,610,945 shares (2022: 2,519,610,945 shares) in issue during the year.

14. DIVIDENDS

(a)

HK$ million	2023	2022
Interim dividend paid of HK$0.71 per share (2022: HK$0.70 per share)	1,789	1,764
Proposed final dividend of HK$1.85 per share (2022: HK$1.83 per share)	4,661	4,611
Total	6,450	6,375

(b)

HK$ million	2023	2022
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.83 per share (2022: HK$1.81 per share)	4,611	4,560

15. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Medium term leasehold land in Hong Kong	Medium term leasehold land outside Hong Kong	Freehold land outside Hong Kong	Buildings	Mains, pipes, other plant and machinery	Leased properties and others	Furniture, fixtures and others	Total
Cost								
At 1st January, 2022	393	158	308	1,517	3,632	491	78	6,577
Transfer between categories	–	–	–	32	(32)	–	–	–
Additions	–	–	308	6	157	43	2	516
Disposals	–	–	–	(10)	(106)	–	(4)	(120)
Termination of leases	–	–	–	–	–	(29)	–	(29)
Exchange translation differences	–	(13)	(21)	(91)	(236)	(35)	(5)	(401)
At 31st December, 2022	393	145	595	1,454	3,415	470	71	6,543
Transfer between categories	–	–	(25)	25	–	–	–	–
Additions	–	–	9	–	306	58	5	378
Disposals	–	–	–	–	(66)	–	(3)	(69)
Termination of leases	–	–	–	–	–	(11)	–	(11)
Exchange translation differences	–	(4)	3	(22)	(12)	4	(2)	(33)
At 31st December, 2023	393	141	582	1,457	3,643	521	71	6,808
Accumulated depreciation								
At 1st January, 2022	227	67	24	829	2,223	124	54	3,548
Charge for the year	7	3	12	28	215	36	5	306
Transfer between categories	–	–	–	7	(7)	–	–	–
Disposals	–	–	–	(8)	(102)	–	(4)	(114)
Termination of leases	–	–	–	–	–	(8)	–	(8)
Exchange translation differences	–	(6)	(2)	(41)	(145)	(9)	(3)	(206)
At 31st December, 2022	234	64	34	815	2,184	143	52	3,526
Charge for the year	6	3	10	35	198	38	5	295
Disposals	–	–	–	–	(59)	–	(3)	(62)
Termination of leases	–	–	–	–	–	(6)	–	(6)
Exchange translation differences	–	(1)	–	(13)	(11)	2	(1)	(24)
At 31st December, 2023	240	66	44	837	2,312	177	53	3,729
Carrying value								
At 31st December, 2023	**153**	**75**	**538**	**620**	**1,331**	**344**	**18**	**3,079**
At 31st December, 2022	159	81	561	639	1,231	327	19	3,017

16. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2022	408
Change in fair values	–
At 31st December, 2022	408
Change in fair values	–
At 31st December, 2023	**408**

The fair values of the Group's investment properties at 31st December, 2023 and 2022 are determined based on a valuation carried out by Mr. K. B. Wong for and on behalf of Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group. Mr. K. B. Wong is a member of the Hong Kong Institute of Surveyors. The valuation which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

17. INTERESTS IN ASSOCIATES

HK$ million	2023	2022
Investment costs		
– Listed in Hong Kong	**8,036**	8,036
– Unlisted	**730**	730
Share of post-acquisition reserves	**27,743**	26,942
	36,509	35,708
Amounts due by unlisted associates (note 36)	**2,731**	2,819
	39,240	38,527
Market value of investment in a listed associate	**34,614**	32,811

Included in the amounts due by unlisted associates are subordinated loans of HK$2,568 million (2022: HK$2,687 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

17. INTERESTS IN ASSOCIATES (CONT'D)

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

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

	Power Assets	
HK$ million	2023	2022
Current assets	4,359	6,880
Non-current assets	91,343	87,647
Current liabilities	(3,249)	(4,038)
Non-current liabilities	(3,701)	(3,632)
Equity	88,752	86,857
Reconciled to the Group's interests in the material associate		
Group's effective interest	36.01%	36.01%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	31,961	31,279

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

	Power Assets	
HK$ million	2023	2022
Turnover	1,292	1,265
Profit for the year	6,003	5,649
Other comprehensive income	1,901	581
Total comprehensive income	7,904	6,230
Dividend received from the material associate	2,164	2,164

17. INTERESTS IN ASSOCIATES (CONT'D)

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

HK$ million	2023	2022
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	4,548	4,429
Aggregate amounts of the Group's share of those associates'		
Profit for the year	409	408
Other comprehensive income	(137)	585
Total comprehensive income	272	993

Particulars of the principal associates are set out in Appendix 2 on page 149.

18. INTERESTS IN JOINT VENTURES

HK$ million	2023	2022
Investment costs	71,101	62,851
Share of post-acquisition reserves	12,386	8,097
	83,487	70,948
Amounts due by joint ventures (note 36)	20,606	28,354
	104,093	99,302

Included in the amounts due by joint ventures are subordinated loans of HK$19,712 million (2022: HK$26,560 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

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

	CK William		UK Power Networks	
HK$ million	2023	2022	2023	2022
Current assets	**4,793**	4,371	**6,931**	4,748
Non-current assets	**90,886**	89,559	**157,481**	140,904
Current liabilities	**(13,433)**	(8,728)	**(15,033)**	(12,898)
Non-current liabilities	**(57,313)**	(61,361)	**(85,972)**	(75,854)
Equity	**24,933**	23,841	**63,407**	56,900
Reconciled to the Group's interest in the joint ventures				
Group's effective interest	**40%**	40%	**40%**	40%
Group's share of net assets of the joint ventures	**9,973**	9,536	**25,363**	22,761
Consolidation adjustments at Group level and non-controlling interests	**91**	350	**116**	110
Carrying amount of the joint ventures in the consolidated financial statements	**10,064**	9,886	**25,479**	22,871
Included in the above assets and liabilities:				
Cash and cash equivalents	**1,284**	1,422	**1,339**	1,254
Current financial liabilities (excluding trade and other payables and provisions)	**(9,798)**	(5,195)	**(5,119)**	(3,737)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(47,759)**	(52,166)	**(58,174)**	(52,976)

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

	CK William		UK Power Networks	
HK$ million	2023	2022	2023	2022
Turnover	**11,212**	10,994	**17,997**	16,930
Profit for the year	**606**	1,068	**4,522**	3,590
Other comprehensive income	**(408)**	1,592	**1,345**	986
Total comprehensive income	**198**	2,660	**5,867**	4,576
Dividend received from the joint ventures	**1**	163	**931**	1,168
Included in the above profit:				
Depreciation and amortisation	**(2,771)**	(2,626)	**(3,145)**	(3,477)
Interest income	**43**	17	**312**	261
Interest expense	**(2,832)**	(2,204)	**(3,376)**	(1,941)
Income tax expense	**(362)**	(636)	**(1,758)**	(3,333)

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

HK$ million	2023	2022
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**47,944**	38,191
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	**1,636**	1,221
Other comprehensive income	**93**	2,061
Total comprehensive income	**1,729**	3,282

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

19. OTHER FINANCIAL ASSETS

HK$ million	2023	2022
Financial assets at fair value through profit or loss		
Equity securities, unlisted	353	338
Other investments#	1,189	1,252
Total	1,542	1,590

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

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	200	(1,072)	44	(891)
Cross currency swaps	907	(465)	1,173	(314)
Interest rate swaps	53	–	85	–
	1,160	(1,537)	1,302	(1,205)
Portion classified as:				
Non-current	624	(465)	1,249	(314)
Current	536	(1,072)	53	(891)
	1,160	(1,537)	1,302	(1,205)

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives

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

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

As at 31st December, 2023 Notional amount	Maturity
Sell AUD 159.3 million^	2024
Sell CAD 991.6 million^	2024
Sell GBP 2,487.4 million^	2024
Sell NZD 280.0 million^	2024
Sell EUR 515.0 million^	2024
Sell CAD 132.5 million^	2025
Sell EUR 450.0 million^	2025
Sell EUR 65.0 million^	2027
Sell AUD 1,414.8 million^	2027

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives (Cont'd)

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

^ designated as hedging instrument in accordance with HKFRS 9

The fair values of the above currency derivatives that are designated and effective as net investment hedges totalling HK$430 million (net liabilities to the Group) (2022: HK$12 million (net assets to the Group)) have been deferred in equity at 31st December, 2023.

None of the above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2023 and 2022.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Interest Rate Swaps

During the current year, the Group utilised interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The notional principal amounts of the interest rate swap contracts outstanding as at 31st December, 2023 and 2022 and the major terms of these contracts are as follows:

As at 31st December, 2023 HK$ million	**Floating interest rate**	**Weighted average fixed interest rate**	**Notional principal amount**
Contracts maturing in 2025	BKBM*	4.13%	743
Contracts maturing in 2025	BBSW*	2.70%	2,718

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

* BKBM – New Zealand Bank Bill Reference Rate
BBSW – Australian Bank Bill Swap Reference Rate

The fair values of the above interest rate swaps that are designated and effective as cash flow hedges totalling HK$53 million (2022: HK$85 million) (net assets to the Group) have been deferred in equity at 31st December, 2023.

21. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2023	2022
Goodwill	**848**	843
Intangible assets	**1,451**	1,403
Total	**2,299**	2,246

Goodwill

HK$ million	2023	2022
At 1st January	**843**	907
Exchange difference	**5**	(64)
At 31st December	**848**	843

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

The Group prepared its cash flow projections of each cash-generating unit based on the latest approved budget plus extrapolated cash flows for the subsequent 4 years (2022: 4 years) except for a landfill where the whole life model is used. Cash flow projections for each cash-generating unit are based on the expected terminal growth rate of 3 per cent (2022: 3 per cent). The Group considers that cash flow projections of 5 years (2022: 5 years) are appropriate as they entered long-term contracts with customers.

The model uses a terminal value which is equal to eight to ten times of earnings before interest, taxation, depreciation and amortisation and discount rate of 8.8 per cent to 9.9 per cent (2022: 7.8 per cent to 8.8 per cent). The impairment test of its assets is then assessed using the value in use for each cash-generating unit. Based on impairment tests prepared, there is no impairment for goodwill as at 31st December, 2023 and 2022.

21. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Intangible Assets

HK$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Operation license	Others	Total
Cost							
At 1st January, 2022	126	57	1,538	56	98	15	1,890
Additions	–	–	3	1	–	2	6
Disposals	–	–	–	–	–	(6)	(6)
Exchange translation differences	(9)	(4)	(106)	(4)	(9)	(1)	(133)
At 31st December, 2022	117	53	1,435	53	89	10	1,757
Additions	–	–	2	–	–	20	22
Transfer	–	–	–	–	–	61	61
Disposals	–	–	–	–	–	(14)	(14)
Exchange translation differences	–	–	9	–	(2)	1	8
At 31st December, 2023	117	53	1,446	53	87	78	1,834
Accumulated amortisation							
At 1st January, 2022	–	53	151	35	98	13	350
Charge for the year	–	4	21	10	–	1	36
Disposals	–	–	–	–	–	(6)	(6)
Exchange translation differences	–	(4)	(9)	(3)	(9)	(1)	(26)
At 31st December, 2022	–	53	163	42	89	7	354
Charge for the year	–	–	21	8	–	1	30
Exchange translation differences	–	–	1	–	(2)	–	(1)
At 31st December, 2023	–	53	185	50	87	8	383
Carrying value							
At 31st December, 2023	**117**	**–**	**1,261**	**3**	**–**	**70**	**1,451**
At 31st December, 2022	117	–	1,272	11	–	3	1,403

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

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

22. INVENTORIES

HK$ million	2023	2022
Raw materials	59	138
Work-in-progress	54	93
Stores, spare parts and supplies	24	28
Finished goods	41	50
Total	178	309

23. DEBTORS AND PREPAYMENTS

HK$ million	2023	2022
Trade debtors	363	349
Prepayments, deposits and other receivables	433	769
Total	796	1,118

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

HK$ million	2023	2022
Less than 1 month	199	215
1 to 3 months	102	112
More than 3 months but less than 12 months	54	27
More than 12 months	18	4
Gross total	373	358
Loss allowance	(10)	(9)
Total after allowance	363	349

Trade with customers is carried out largely on credit, except for new customers, residential customers of waste management services and customers with unsatisfactory payment records, where payment in advance is normally required. Invoices are normally due within 1 month of issuance, except for certain well-established customers, where the terms are extended to 2 months, and certain customers with disputed items, where the terms are negotiated individually. Each customer has a maximum credit limit, which was granted and approved by senior management in accordance with the laid-down credit review policy and procedures.

23. DEBTORS AND PREPAYMENTS (CONT'D)

During the year ended 31st December, 2023, the Group measured the loss allowance based on provision matrix or individual assessment under the expected credit loss model.

The Group used average loss rates ranging from 0.25 per cent to 15.01 per cent (2022: from 0.04 per cent to 100 per cent) for provision matrix assessment. The average loss rates were estimated based on historically observed default rates of the debtors and were adjusted for any forward-looking information that was available without undue cost or effort.

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

HK$ million	2023	2022
At 1st January	9	12
Impairment loss recognised	3	–
Impairment loss written back	(2)	(3)
At 31st December	10	9

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 4.99 per cent (2022: 1.95 per cent) per annum.

25. BANK AND OTHER LOANS

HK$ million	2023	2022
Unsecured bank loans repayable:		
Within 1 year	1,439	5,148
In the 2nd year	3,538	1,422
In the 3rd to 5th year, inclusive	8,996	11,578
	13,973	18,148
Unsecured notes and bonds repayable:		
Within 1 year	7,585	–
In the 2nd year	–	7,393
In the 3rd to 5th year, inclusive	1,082	1,147
	8,667	8,540
Secured bank loans repayable:		
In the 2nd year	1,557	–
In the 3rd to 5th year, inclusive	–	1,523
	1,557	1,523
Total	24,197	28,211
Portion classified as:		
Current liabilities	9,024	5,148
Non-current liabilities	15,173	23,063
Total	24,197	28,211

25. BANK AND OTHER LOANS (CONT'D)

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

	Bank loans		Notes		Bonds		Total	
HK$ million	2023	2022	2023	2022	2023	2022	2023	2022
GBP	–	1,419	–	–	–	–	–	1,419
AUD	11,548	14,295	–	–	–	–	11,548	14,295
JPY	823	886	822	887	–	–	1,645	1,773
EUR	862	830	–	–	5,172	4,980	6,034	5,810
NZD	1,557	1,523	–	–	–	–	1,557	1,523
Others	740	718	2,673	2,673	–	–	3,413	3,391
Total	15,530	19,671	3,495	3,560	5,172	4,980	24,197	28,211

The average effective interest rate of the Group's bank loans is 3.69 per cent (2022: 2.06 per cent) per annum.

The Group's notes and bonds of HK$6,254 million (2022: HK$6,127 million) were arranged at fixed interest rate and exposed the Group to fair value interest rate risk. Other borrowings were arranged at floating rates, thus exposed the Group to cash flow interest rate risk.

Bank loans carried interest at floating rate, which was determined with reference to BBSY*, EURIBOR*, BKBM, CDOR* or TONAR* plus an average margin less than 1 per cent (2022: BBSY*, SONIA*, USD LIBOR*, EURIBOR*, BKBM, CDOR* or TONAR* plus an average margin less than 1 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent (2022: interest ranging from 1 per cent to 4 per cent) per annum.

Certain assets were pledged to secure bank loans totalling HK$1,557 million (2022: HK$1,523 million) granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

CDOR – Canadian Dollar Offered Rate

EURIBOR – Euro Interbank Offered Rate

LIBOR – London Interbank Offered Rate

SONIA – Sterling Overnight Index Average

TONAR – Tokyo Overnight Average Rate

26. CREDITORS, ACCRUALS AND OTHERS

HK$ million	2023	2022
Trade creditors	**329**	313
Other payables and accruals	**5,535**	5,829
Lease liabilities	**38**	31
Total	**5,902**	6,173

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

HK$ million	2023	2022
Current	**211**	241
1 month	**42**	30
2 to 3 months	**39**	11
Over 3 months	**37**	31
Total	**329**	313

At 31st December, 2023, non-current lease liabilities of HK$334 million (2022: HK$320 million) is included under other non-current liabilities.

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

HK$ million	2023	2022
Within 1 year	**38**	31
More than 1 year but not more than 2 years	**39**	30
More than 2 years but not more than 5 years	**113**	102
More than 5 years	**182**	188
	372	351
Less: Amount due for settlement within 12 months shown under current liabilities	**(38)**	(31)
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	**334**	320

27. DEFERRED TAX ASSETS / LIABILITIES

HK$ million	2023	2022
Deferred tax assets	**(1)**	(3)
Deferred tax liabilities	**505**	493
Total	**504**	490

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

HK$ million	Accelerated tax depreciation	Tax losses	Fair value arising from business combination	Others	Total
At 1st January, 2022	129	(64)	399	6	470
Charge/(Credit) to profit for the year	4	(8)	(3)	60	53
Exchange translation differences	(3)	–	(28)	(6)	(37)
Others	–	–	–	4	4
At 31st December, 2022	130	(72)	368	64	490
(Credit)/Charge to profit for the year	(7)	3	(3)	33	26
Exchange translation differences	–	–	3	(2)	1
Others	(2)	2	–	(13)	(13)
At 31st December, 2023	**121**	**(67)**	**368**	**82**	**504**

Apart from the unused tax losses of which the deferred tax assets were recognised as presented above, the Group had unused tax losses and other unused tax credits totalling HK$1,322 million (2022: HK$1,382 million) at 31st December, 2023. No deferred tax asset has been recognised in respect of these tax losses and tax credits due to the unpredictability of future profit streams to utilise the available tax losses and tax credits.

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

HK$ million	2023	2022
Within 1 year	**–**	–
In the 2nd year	**–**	–
In the 3rd to 5th year, inclusive	**191**	124
No expiry date	**1,131**	1,258
Total	**1,322**	1,382

28. RETIREMENT PLANS

Defined Contribution Retirement Plans

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

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

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

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

The Group's costs in respect of defined contribution plans for the year amounted to HK$29 million (2022: HK$27 million). Forfeited contributions and earnings for the year under the defined contribution plans amounting to HK$1 million were used to reduce the existing level of contributions (2022: HK$3 million). At 31st December, 2023, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2022: HK$1 million).

29. SHARE CAPITAL

	Number of Shares		Amount	
	2023	2022	**2023 HK$ million**	2022 HK$ million
Authorised:				
Ordinary shares of HK$1 each	**4,000,000,000**	4,000,000,000	**4,000**	4,000
Issued and fully paid:				
Ordinary shares of HK$1 each	**2,519,610,945**	2,519,610,945	**2,520**	2,520

30. PERPETUAL CAPITAL SECURITIES

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

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

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

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

31. CAPITAL MANAGEMENT

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

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

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

The Group maintained a low net debt to net total capital ratio of 7.7 per cent (2022: 7.3 per cent) as at 31st December, 2023. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2022.

The net debt to net total capital ratios at 31st December, 2023 and 2022 were as follows:

HK$ million	2023	2022
Total debts	**24,197**	28,211
Bank balances and deposits	**(13,077)**	(18,045)
Net debt	**11,120**	10,166
Net total capital	**144,391**	139,548
Net debt to net total capital ratio	**7.7%**	7.3%

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

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

HK$ million	2023	2022
Profit before taxation	**8,578**	8,294
Share of results of associates	**(2,571)**	(2,442)
Share of results of joint ventures	**(3,687)**	(3,084)
Interest income from loans granted to associates	**(264)**	(287)
Interest income from loans granted to joint ventures	**(1,993)**	(2,361)
Bank interest income	**(616)**	(203)
Finance costs	**769**	519
Depreciation of property, plant and equipment	**295**	306
Amortisation of intangible assets	**30**	36
Loss/(Gain) on disposal of property, plant and equipment	**3**	(1)
Gain on disposal of joint ventures	**–**	(526)
Change in fair value of other financial assets	**103**	6
Change in fair value of derivative financial instruments	**–**	(57)
Unrealised exchange gain	**(129)**	(260)
Returns received from an associate	**149**	–
Returns received from joint ventures	**1,014**	218
Interest received from associates	**265**	287
Interest received from joint ventures	**1,951**	1,755
Bank interest received	**618**	175
Operating cash flows before changes in working capital	**4,515**	2,375
Decrease/(Increase) in inventories	**131**	(138)
Decrease in debtors and prepayments	**266**	138
(Decrease)/Increase in creditors and accruals	**(270)**	39
Exchange translation differences	**(12)**	(180)
Cash generated from operating activities before finance costs and income taxes paid	**4,630**	2,234

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

(b) Reconciliation of liabilities arising from financial activities

HK$ million	Unsecured bank loans	Secured bank loans	Lease liabilities	Unsecured notes and bonds	Total
At 1st January, 2022	19,411	1,442	390	8,994	30,237
Financing cash flows	–	181	(44)	–	137
New lease entered/lease modified	–	–	43	–	43
Termination of leases	–	–	(22)	–	(22)
Interest expenses	–	–	12	–	12
Exchange gain	(1,263)	(100)	(28)	(454)	(1,845)
At 31st December, 2022	18,148	1,523	351	8,540	28,562
Financing cash flows	(4,358)	25	(46)	–	(4,379)
New lease entered/lease modified	–	–	58	–	58
Termination of leases	–	–	(5)	–	(5)
Interest expenses	–	–	12	–	12
Exchange loss	183	9	2	127	321
At 31st December, 2023	**13,973**	**1,557**	**372**	**8,667**	**24,569**

(c) Funds from Operations*

HK$ million	2023	2022
Net cash from operating activities	3,845	1,717
Dividends received from associates	2,351	2,296
Dividends received from joint ventures	2,449	3,544
	8,645	7,557

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

33. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

HK$ million	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	Total Emoluments 2023	Total Emoluments 2022
Victor T K Li (1 and 3)	0.125	–	30.024	–	–	**30.149**	30.773
Kam Hing Lam	0.075	4.200	10.819	–	–	**15.094**	15.700
Ip Tak Chuen, Edmond	0.100	1.800	11.788	–	–	**13.688**	14.353
Fok Kin Ning, Canning (1)	0.075	–	–	–	–	**0.075**	0.075
Frank John Sixt	0.075	–	–	–	–	**0.075**	0.075
Andrew John Hunter (1)	0.075	13.683	17.671	1.368	–	**32.797**	31.024
Chan Loi Shun (1, 2 and 3)	0.075	7.868	3.466	0.785	–	**12.194**	11.403
Chen Tsien Hua	0.075	6.220	2.409	0.620	–	**9.324**	8.982
Cheong Ying Chew, Henry (5 and 6)	0.200	–	–	–	–	**0.200**	0.200
Kwok Eva Lee (5)	0.100	–	–	–	–	**0.100**	0.100
Sng Sow-Mei (5)	0.200	–	–	–	–	**0.200**	0.183
Colin Stevens Russel (4)	–	–	–	–	–	**–**	0.067
Lan Hong Tsung, David (5 and 6)	0.175	–	–	–	–	**0.175**	0.175
Barrie Cook (5 and 6)	0.125	–	–	–	–	**0.125**	0.100
Paul Joseph Tighe (5)	0.200	–	–	–	–	**0.200**	0.200
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus	0.075	–	–	–	–	**0.075**	0.075
Total for the year 2023	**1.825**	**33.771**	**76.177**	**2.773**	**–**	**114.546**	
Total for the year 2022	1.850	32.303	76.781	2.626	–		113.560

Notes:

(1) During the year, Mr. Victor T K Li, Mr. Andrew John Hunter and Mr. Chan Loi Shun each received directors' fees of HK$70,000 (2022: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2022: HK$120,000) from Power Assets. The directors' fees totalling HK$330,000 (2022: HK$330,000) were then paid back to the Company.

(2) During the year, the directors' emoluments in the sum of HK$5,087,100 (2022: HK$5,639,700) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

(3) Mr. Victor T K Li and Mr. Chan Loi Shun have acted as NCM and SCM of Power Assets, respectively and each received fees of HK$20,000 (2022: HK$20,000) during the year. The fees totalling HK$40,000 (2022: HK$40,000) were then paid back to the Company.

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

Notes: (Cont'd)

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

(5) INED, ACM, RCM, NCM and SCM – During the year, Mr. Cheong Ying Chew, Henry and Mrs. Sng Sow-Mei have acted as INED, ACM and RCM of the Company. Mrs. Kwok Eva Lee has acted as INED and NCM of the Company. Mr. Lan Hong Tsung, David has acted as INED and ACM of the Company. Mr. Paul Joseph Tighe has acted as INED, ACM and SCM of the Company. Mr. Barrie Cook has acted as INED, NCM and SCM of the Company during the year. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK$1,000,000 (2022: HK$1,025,001).

(6) Mr. Barrie Cook has retired as an INED, NCM and SCM of the Company with effect from 10th February, 2024. Mr. Cheong Ying Chew, Henry was appointed as NCM of the Company and Mr. Lan Hong Tsung, David was appointed as SCM of the Company, both with effect from 10th February, 2024.

Of the five individuals with the highest emoluments in the Group, 4 (2022: all) are directors whose emoluments are disclosed above.

34. COMMITMENTS

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

	Contracted but not provided for	
HK$ million	2023	2022
Investments in joint ventures	3	5
Plant and machinery	131	253
Other financial assets	139	168
Total	273	426

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	2023	2022
Guarantee in respect of bank loan drawn by a joint venture	–	548
Other guarantee given in respect of a joint venture	142	253
Performance bond indemnities	174	168
Sub-contractor warranties	22	14
Total	338	983

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$4 million (2022: HK$5 million) to an unlisted associate. The total outstanding loan balances as at 31st December, 2023 amounted to HK$2,731 million (2022: HK$2,819 million), of which HK$2,568 million (2022: HK$2,687 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2022: from 10.85 per cent to 11.19 per cent) per annum and HK$163 million (2022: HK$132 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.05 per cent (2022: 11.05 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK$264 million (2022: HK$287 million). The loans had no fixed terms of repayment.

During the year, the Group advanced HK$30 million (2022: HK$56 million) to a joint venture. The Group received repayment of HK$15 million from a joint venture during the year ended 31st December, 2023. The total outstanding loan balances as at 31st December, 2023 amounted to HK$20,606 million (2022: HK$28,354 million), of which HK$11,989 million (2022: HK$17,157 million) bore interest with reference to BBSW and return from a joint venture (2022: SONIA, BBSW and return from joint ventures), and HK$7,973 million (2022: HK$9,641 million) at fixed rate ranging from 4.4 per cent to 11 per cent (2022: from 4.4 per cent to 14 per cent) per annum, and HK$644 million (2022: HK$1,556 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 7.22 per cent (2022: 6.28 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK$1,993 million (2022: HK$2,361 million). The loans had no fixed terms of repayment.

Moreover, the Group's sales and purchases of infrastructure materials to a joint venture for the current year amounted to HK$509 million (2022: HK$468 million). The Group also received income and incurred operating costs from sales of waste management services from / to its joint ventures amounted to HK$55 million (2022: HK$95 million) and HK$48 million (2022: HK$59 million), respectively for the current year.

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

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

as at 31st December

HK$ million	2023	2022
Property, plant and equipment	3	1
Unlisted investments in subsidiaries	48,136	49,234
Total non-current assets	48,139	49,235
Amounts due from subsidiaries	51,301	54,038
Prepayments, deposits and other receivables	14	13
Bank balances	41	78
Total current assets	51,356	54,129
Amounts due to subsidiaries	55,905	53,636
Other payables and accruals	119	114
Total current liabilities	56,024	53,750
Net current (liabilities)/assets	(4,668)	379
Net assets	43,471	49,614
Representing:		
Share capital	2,520	2,520
Reserves	40,951	47,094
Total equity	43,471	49,614

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

(b) Movements in the Company's Equity

HK$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2022	2,520	16,185	30,866	49,571
Profit for the year	–	–	6,367	6,367
Final dividend paid for the year 2021	–	–	(4,560)	(4,560)
Interim dividend paid	–	–	(1,764)	(1,764)
At 31st December, 2022	2,520	16,185	30,909	49,614
Profit for the year	–	–	257	257
Final dividend paid for the year 2022	–	–	(4,611)	(4,611)
Interim dividend paid	–	–	(1,789)	(1,789)
At 31st December, 2023	**2,520**	**16,185**	**24,766**	**43,471**

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 91 to 151 were approved by the Board of Directors on 20th March, 2024.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2023 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Proportion of nominal value of issued capital held by the Group (per cent)	Principal activities
Anderson Asia (Holdings) Limited	Hong Kong	HK$1 ordinary HK$60,291,765 Non-voting deferred	100	Investment holding
Anderson Asphalt Limited	Hong Kong	HK$200,000,000	100	Production and laying of asphalt and investment holding
Cheung Kong China Infrastructure Limited	Hong Kong	HK$2	100	China infrastructure investment holding
China Cement Company (International) Limited	Hong Kong	HK$1,000,000	70	Investment holding
Green Island Cement Company, Limited	Hong Kong	HK$306,694,931	100	Manufacturing, sale and distribution of cement and property investment
Green Island Cement (Holdings) Limited	Hong Kong	HK$722,027,503	100	Investment holding
Enviro NZ Services Limited	New Zealand	NZ$84,768,736	100	Waste management services

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

PRINCIPAL ASSOCIATES

APPENDIX 2

The table below shows the associates as at 31st December, 2023 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the associates would, in the opinion of the Directors, result in particulars of excessive length.

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

Notes:

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

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

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

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

   Powercor Australia Ltd
   CitiPower Pty Ltd
   The CitiPower Trust

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

PRINCIPAL JOINT VENTURES

APPENDIX 3

The table below shows the joint ventures as at 31st December, 2023 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
UK Power Networks Holdings Limited	United Kingdom	£610,000,000 ordinary	40	Electricity distribution
Northumbrian Water Group Limited (note 3)	United Kingdom	£40 ordinary	39	Water supply, sewerage and waste water businesses
Northern Gas Networks Holdings Limited	United Kingdom	£71,670,979 ordinary £1 special	47	Gas distribution
Wales & West Gas Networks (Holdings) Limited (note 3)	United Kingdom	£29,027	39	Gas distribution
Electricity First Limited	United Kingdom	£1,004	50	Electricity generation
Eversholt UK Rails Group Limited	United Kingdom	£1,100	65	Leasing of rolling stock
CK William UK Holdings Limited (note 1 & 2)	United Kingdom	£2,049,000,000	40	Investment holding
Australian Gas Networks Limited	Australia	A$879,082,753	45	Gas distribution
Canadian Power Holdings Inc.	Canada	C$137,000,002 ordinary	50	Electricity generation
1822604 Alberta Ltd. (note 3)	Canada	C$280,000,002	65	Off-airport parking operation

APPENDIX 3 (CONT'D)

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Husky Midstream Limited Partnership	Canada	C$1,153,845,000 class A units C$621,301,154 class B units C$1,776,923 general partnership interest	16	Oil pipelines, storage facilities and ancillary assets operation
CKP (Canada) Holdings Limited	Canada	C$1,143,862,831	25	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
Wellington Electricity Distribution Network Limited	New Zealand	NZ$406,500,100	50	Electricity distribution
Trionista SE	Germany	€125,000	35	Sub-metering and related services
AVR-Afvalverwerking B.V. (note 3)	The Netherlands	€1	46	Producing energy from waste

Notes:

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

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

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

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

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

APPENDIX 4

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

I: Industrial C: Commercial

CORPORATE GOVERNANCE REPORT

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

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year ended 31st December, 2023.

SUSTAINABLE BUSINESS MODEL

Purpose, Values, Strategy and Culture

The Group adheres to high corporate governance standards and conducts its businesses with ethics and integrity. The Group's vision, values and strategy are inextricably linked to its purpose and business operations. The Long Term Development Strategy section at page 19 of this Annual Report discusses the Company's purpose, values, strategy and culture.

Sustainable Dividend Policy

The Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

THE BOARD

Roles of the Board

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

THE BOARD (CONT'D)

Roles of the Board (Cont'd)

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

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

Board Composition

As at the date of this Annual Report, the Board consists of fifteen[Note] Directors, comprising eight Executive Directors (including the Chairman, the Group Managing Director, two Deputy Chairmen, the Deputy Managing Director, the Chief Financial Officer and two Executive Directors), two Non-executive Directors and five Independent Non-executive Directors. Two Alternate Directors have been appointed. Details of the composition of the Board are set out on page 206 of this Annual Report. Throughout the year ended 31st December, 2023 and up to the date of this Annual Report, at least one-third of the members of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise. Independent Non-executive Directors have been identified in all corporate communications that disclosed the names of Directors.

A formal letter setting out the key terms and conditions of the Board appointment was issued to each Director upon appointment. Since the date of the last corporate governance report, the following changes to the composition of the Board have taken place:

1. Mrs. Chow Woo Mo Fong, Susan ceased to act as Alternate Director to Mr. Fok Kin Ning, Canning with effect from 1st July, 2023.
2. Mr. Barrie Cook retired as an Independent Non-executive Director with effect from 10th February, 2024.

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

The Company maintains, on the websites of the Company and the Hong Kong Exchanges and Clearing Limited ("HKEX"), an updated list of Directors identifying their respective roles and functions and whether they are Independent Non-executive Directors. The Directors' biographical information and the relationships among the Directors are set out on pages 58 to 65 of this Annual Report and on the website of the Company.

Note: An Independent Non-executive Director retired with effect from 10th February, 2024.

Chairman and Group Managing Director

During the year, the positions of Chairman and Group Managing Director are held by separate individuals. The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. The Group Managing Director, with the support of the Executive Directors, is responsible for the strategic planning of different business functions and the day-to-day management and operations of the Group.

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

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

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

Executive Directors and the Executive Committee

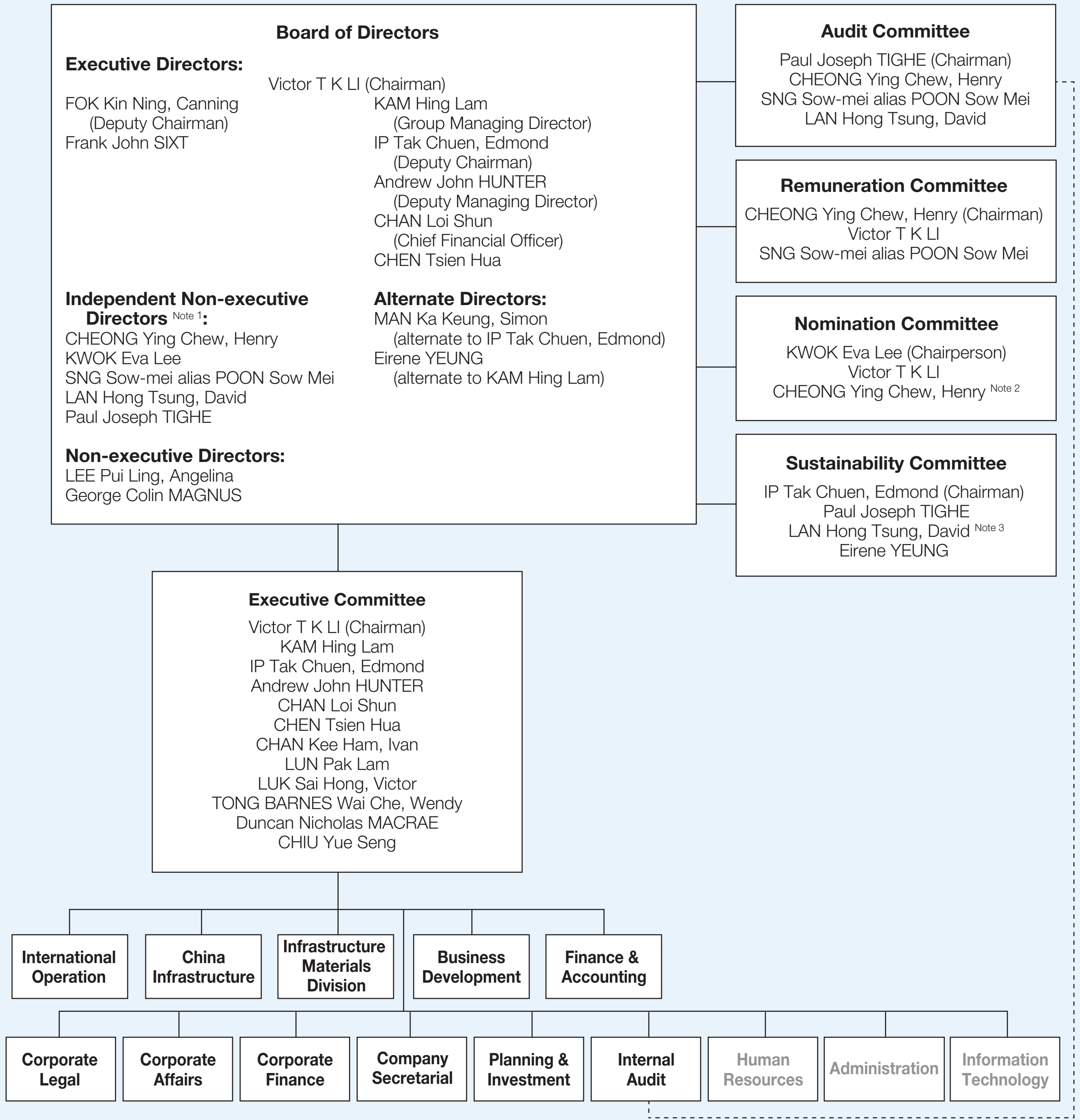
Executive Directors are in charge of different business units and functional divisions in accordance with their respective areas of expertise. The management of the Company reports acquisitions of or investments in businesses or projects, and other matters as considered appropriate, back to the Board, and obtains the Board's prior approval before making decisions or entering into any commitments on behalf of the Company. Where appropriate, disclosure is made and/or circulars are issued to obtain shareholders' approval in accordance with the requirements of the applicable rules and regulations.

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

THE BOARD (CONT'D)

Executive Directors and the Executive Committee (Cont'd)

A Management Structure Chart of the Company is set out below:



Notes:

1. An Independent Non-executive Director, Mr. Barrie Cook, retired with effect from 10th February, 2024.
2. Appointed as a member of the Nomination Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.
3. Appointed as a member of the Sustainability Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.

Board Process

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

The Directors are provided with adequate, complete and reliable information in a timely manner to enable them to make informed decisions. All Directors are entitled to have access to Board papers and related materials. Directors make enquiries when they require further information. Communication between the Directors on the one hand and the Company Secretary acting as the coordinator for business units of the Group on the other, is a dynamic and interactive process ensuring that queries raised and clarifications sought by the Directors are dealt with and that further supporting information is provided if appropriate. The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance and accounting and tax related financial matters, as appropriate. The Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.

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

THE BOARD (CONT'D)

Board Process (Cont'd)

During the year ended 31st December, 2023, the Company held four regular Board meetings (in March, May, August and November of 2023). All Directors attended the annual general meeting of the Company held on 17th May, 2023. The attendance record is set out below:

Members of the Board	Board Meetings Attended/ Eligible to Attend	Attendance at 2023 Annual General Meeting Note 1
Executive Directors		
Victor T K LI *(Chairman of the Board and Chairman of the Executive Committee)*	4/4	1/1
KAM Hing Lam *(Group Managing Director)*	4/4	1/1
IP Tak Chuen, Edmond *(Deputy Chairman and Chairman of the Sustainability Committee)*	4/4	1/1
FOK Kin Ning, Canning *(Deputy Chairman)*	4/4	1/1
Frank John SIXT	4/4	1/1
Andrew John HUNTER *(Deputy Managing Director)*	4/4	1/1
CHAN Loi Shun *(Chief Financial Officer)*	4/4	1/1
CHEN Tsien Hua	4/4	1/1
Independent Non-executive Directors		
CHEONG Ying Chew, Henry *(Chairman of the Remuneration Committee)*	4/4	1/1
KWOK Eva Lee *(Chairperson of the Nomination Committee)*	4/4	1/1
SNG Sow-mei alias POON Sow Mei	4/4	1/1
LAN Hong Tsung, David	4/4	1/1
Barrie COOK Note 2	2/4	1/1
Paul Joseph TIGHE *(Chairman of the Audit Committee)*	4/4	1/1
Non-executive Directors		
LEE Pui Ling, Angelina	4/4	1/1
George Colin MAGNUS	4/4	1/1

Notes:

1. All Directors attended via video conferencing.
2. Retired as an Independent Non-executive Director with effect from 10th February, 2024.

The Directors have the option to attend Board meetings in person, by phone or through means of electronic communication or by their respective alternate directors (if applicable), in accordance with the Company's Bye-laws. An updated and consolidated version of the Company's Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and HKEX. There were no significant changes in the Company's constitutional documents during the year 2023.

The Directors also considered and approved affairs and matters of the Company by way of written resolutions during the year ended 31st December, 2023 with the support of relevant information and explanatory materials necessary and sufficient for the Directors to make informed decisions. All Directors (including the Independent Non-executive Directors) have been given the opportunity to consider, query and comment on such matters before granting approval. In addition, the management of the Company also provides the Directors with monthly updates and other information in order to enable the Directors to keep abreast of the business affairs of the Group and be involved in scrutinizing the Group's performance in achieving the Group's corporate goals and objectives.

During the year ended 31st December, 2023, in addition to full Board meetings, the Chairman held two meetings with the Independent Non-executive Directors without the presence of other Directors (in May and November of 2023). The attendance record is set out below:

	Meeting(s) Attended/ Eligible to Attend
Chairman	
Victor T K LI	2/2
Independent Non-executive Directors	
CHEONG Ying Chew, Henry	2/2
KWOK Eva Lee	2/2
SNG Sow-mei alias POON Sow Mei	2/2
LAN Hong Tsung, David	2/2
Barrie COOK Note	1/2
Paul Joseph TIGHE	2/2

Board Independence

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

Note: An Independent Non-executive Director, Mr. Barrie Cook, retired with effective from 10th February, 2024.

THE BOARD (CONT'D)

Board Independence (Cont'd)

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

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

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

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

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

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

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

The Board has conducted an evaluation of its performance for the year 2023, including the aspects contributing to the effective implementation of the mechanism discussed above.

Commitment, Induction and Professional Development

The Directors disclose to the Company at the time of appointment their other significant commitments, such as the number and nature of offices held in public companies or organisations, and notify the Company of any subsequent changes in a timely manner. The Company considers that all Directors have given sufficient time and attention to the affairs of the Group. The Company considers that there has been satisfactory attendance of the Directors at the Company's general meeting, Board meetings, Board Committee meetings and, with respect to the Independent Non-executive Directors, the meetings between the Chairman and the Independent Non-executive Directors during the year ended 31st December, 2023. Executive Directors have hands-on knowledge and expertise in the areas and operations of which they are in charge. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention, the ability of the Directors to contribute with reference to their areas of knowledge, skills and expertise and the ability to bring global perspectives to the Company. The Independent Non-executive Directors have consistently demonstrated their commitment to being fully engaged with the Company's affairs both inside and outside the boardroom, and their ability to devote sufficient time to the Board. The Company considers that the Independent Non-executive Directors manage to make a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments.

THE BOARD (CONT'D)

Commitment, Induction and Professional Development (Cont'd)

Shortly before the appointment takes effect, a prospective Director receives a comprehensive induction package comprising a policy handbook containing the Company's corporate governance and sustainability policies and procedures, as well as a guidance book, compiled and reviewed by the Company's external legal advisers, providing an overview of directors' duties and obligations under the Listing Rules and other relevant legal and regulatory requirements. The Company instructs its external legal advisers to give a briefing session to take a prospective Director through all the directors' duties and responsibilities under the applicable laws and regulations, and other requirements under the Listing Rules that are applicable to him/her as a Director, before the appointment is effective. Senior executives and responsible officers provide newly appointed Directors with orientation briefings on the roles of a member of the Board and Board Committees and on the Group's structure, business outlook and strategy, financial reporting and accounting practice, risk management and governance framework. The Company Secretary and responsible officers liaise proactively with newly appointed Directors before and after their appointments to facilitate their discharge of duties and responsibilities as Directors of the Company.

All Directors are encouraged to participate in continuous professional development ("CPD"). The Company has a long history of organising and providing Directors with tailored CPD training, at the cost of the Company, to enable the Directors to develop and refresh their knowledge and skills on the roles, functions and duties of a listed company director and discharge their duties and responsibilities for the benefit of the Company. The Company has been organising in-house seminars and webinars on an annual basis for the Directors together with directors of other companies of the entire CK Group. The Company Secretary and the authorised officers of the Company also assist the Directors, on an individual basis, from time to time upon request in handling any regulatory, compliance or governance issues that the Directors may come across in the performance of their duties and responsibilities.

Throughout the year ended 31st December, 2023, the Directors have participated in CPD to keep abreast of the latest developments in areas including laws and regulations, the Listing Rules, governance and sustainability practices, directors' duties, and industry-specific and innovative changes in the markets in which the Group operates, primarily by the following means:

1. reading guidelines, memoranda, reports, updates and other papers prepared or compiled from time to time by or for the Company;
2. attending briefings/seminars/conferences/courses/workshops organised by the Company, professional bodies and/or government authorities; and
3. reading news/journals/magazines/other publications and materials.

The CPD training received by the Directors in the year ended 31st December, 2023 is summarised as follows:

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

Note: Retired as an Independent Non-executive Director with effect from 10th February, 2024.

The Directors have provided the Company with their CPD records for the year ended 31st December, 2023.

Compliance with the Model Code

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

All Directors have confirmed that they have complied with the required standards set out in the Model Code regarding their dealings in securities of the Company during the year ended 31st December, 2023.

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

THE BOARD (CONT'D)

Board Committees

Five Board Committees, namely Audit Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and Executive Committee, have been established with specific terms of reference. Details of these Board Committees are further provided in this Report. The memberships and terms of reference of the Board Committees are available on the websites of the Company and/or HKEX, where applicable. Board Committees are required to report to the Board on their decisions and recommendations at Board meetings.

The table below provides membership information of these committees on which the Directors served during the year ended 31st December, 2023 and up to the date of this Annual Report:

	Board Committee				
Directors	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee*	Executive Committee*
Executive Directors					
Victor T K LI	–	M	M	–	C
KAM Hing Lam	–	–	–	–	M
IP Tak Chuen, Edmond	–	–	–	C	M
FOK Kin Ning, Canning	–	–	–	–	–
Frank John SIXT	–	–	–	–	–
Andrew John HUNTER	–	–	–	–	M
CHAN Loi Shun	–	–	–	–	M
CHEN Tsien Hua	–	–	–	–	M
Independent Non-executive Directors					
CHEONG Ying Chew, Henry	M	C	M Note 1	–	–
KWOK Eva Lee	–	–	C	–	–
SNG Sow-mei alias POON Sow Mei	M	M	–	–	–
LAN Hong Tsung, David	M	–	–	M Note 2	–
Paul Joseph TIGHE	C	–	–	M	–
Non-executive Directors					
LEE Pui Ling, Angelina	–	–	–	–	–
George Colin MAGNUS	–	–	–	–	–

Notes:

* also comprises other key personnel

C Chairperson of the relevant Board committees

M Member of the relevant Board committees

1. Appointed as a member of the Nomination Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.
2. Appointed as a member of the Sustainability Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.

COMPANY SECRETARY

Reporting to the Chairman, the Company Secretary advises the Board on corporate governance and other regulatory compliance matters. The Company Secretary assists the Board with the development and maintenance of a sound and effective corporate governance framework, including robust risk management and internal control systems to reinforce regulatory compliance and good corporate governance practices. The Company Secretary further assists the Board in fostering a strong compliance culture to meet regulatory and shareholder expectations.

The Company Secretary is responsible for keeping the Board abreast of developments in the law, rules and regulations that may affect the Company's business and operations. The Company Secretary also assists the Board in monitoring the Company's compliance with Board procedures and the requirements under the Listing Rules and other applicable law, rules and regulations. From time to time, the Company Secretary organises induction and regular training, and prepares briefing materials for Directors and the management of the Company, to provide them with continuous training on regulatory developments or specific topics of relevance to the business of the Company.

The Company Secretary provides compliance advice to the Board and management in the Company's decision making process, and works closely with the Board, in particular the Executive Directors, and the management in the formulation and implementation of the Company's policies and procedures which reflect the values underlying the Company's corporate culture developed over the years in support of the application of the strategy to achieve the Company's purpose. The Company Secretary assists the Board and the Sustainability Committee in aligning the desired corporate culture with the Company's purpose, values and strategy.

As part of the Company's efforts to maintain effective and meaningful engagement with stakeholders, the Company Secretary, in collaboration with the Executive Directors and the management of the Company, acts as a crucial conduit of communications within the Board, between the Board and the management, between the Board and the Company's business units and departments, and between the Company and its shareholders and other stakeholders. In doing so, the Company Secretary facilitates a good channel of communication between the Company and its shareholders, and also assists and works with the Board and the management in responding to inquiries from the regulators in a timely manner. All Directors have access to the advice and services of the Company Secretary in order to ensure that Board procedures, and all applicable law, rules and regulations, are complied with.

The Company Secretary and the authorised officers prepares written resolutions and minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. Minutes of all meetings of the Board and Board Committees record in sufficient detail the matters considered and decisions reached by the Board or Board Committees. Draft and final versions of the minutes are sent to all Directors or Board Committee members as appropriate for comments and for their records within a reasonable time after each Board or Board Committee meeting. Such minutes and resolutions are available for inspection by Directors or Board Committee members upon request.

The Company Secretary of the Company has been appointed since the listing of the Company. Except for a brief period of approximately four months during which the position had taken up by her then deputy. The appointment and dismissal of the Company Secretary is subject to the Board's approval. The Company Secretary has confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules as at 31st December, 2023.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis. Monthly updates are provided to all members of the Board, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. Sufficient explanation and information is provided to the Board to enable Directors to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge in writing on an annual basis their responsibility for preparing the financial statements of the Group. With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer being a professional accountant, the Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards, and published in a timely manner. Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern. The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is provided in the Independent Auditor's Report on pages 86 to 90.

The Board presents a clear, balanced and understandable assessment of the Group's performance and financial position in the Group's annual and interim reports and other financial disclosures required by the Listing Rules, and in other reports to the regulators or information disclosed under applicable statutory requirements. The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and the authorised officers together with the Finance and Accounting Department work closely and in consultation with professional advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

The Company issues half-yearly financial results within two months after the end of the relevant period, and annual financial results within three months after the end of the relevant year. All significant transactions and inside information are announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company.

Given regular Board meetings are held quarterly to review major business and financial information, the Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would incur costs disproportionate to any additional benefits to the shareholders.

Audit Committee

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

The Audit Committee is chaired by Mr. Paul Joseph Tighe with Mr. Cheong Ying Chew, Henry, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David as members. The Audit Committee held four meetings in March, May, July and November of 2023. The Company's external auditor was invited to attend all the meetings held in 2023. During the year ended 31st December, 2023, the Audit Committee held two private sessions with the external auditor and internal auditor respectively without the presence of management. Attendance record of the members of the Audit Committee in 2023 is as follows:

Members of the Audit Committee	Audit Committee Meetings Attended/ Eligible to Attend
Paul Joseph TIGHE *(Chairman of the Audit Committee)*	4/4
CHEONG Ying Chew, Henry	4/4
SNG Sow-mei alias POON Sow Mei	4/4
LAN Hong Tsung, David	4/4

Minutes of the Audit Committee meetings are kept by the Company Secretary. Draft minutes of the meetings of the Audit Committee are circulated to members within a reasonable time after each meeting for their review and comments and the signed minutes are shared with the members for reference.

The terms of reference of the Audit Committee are updated from time to time in accordance with the provisions set out in the CG Code and are available on the websites of the Company and HKEX. Under the Audit Committee's terms of reference, the role of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal control systems and to take on any other responsibility as may be delegated by the Board from time to time. Audit Committee is responsible for overseeing the Group's financial reporting system, risk management and internal control systems, monitoring the integrity of the Group's financial information, overseeing the relationship with the external auditor of the Company, reviewing the arrangements that the Company's employees may use, in confidence and anonymity, to raise concerns about possible improprieties and ensuring proper arrangements are in place for fair and independent investigations and follow-up actions, and performing corporate governance functions delegated by the Board. The Audit Committee is provided with sufficient resources to perform its duties. The Company Secretary arranges independent professional advice for a Director as a member of the Audit Committee at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.

ACCOUNTABILITY AND AUDIT (CONT'D)

Audit Committee (Cont'd)

In 2023, the Audit Committee discharged the duties and responsibilities under the terms of reference and the CG Code. The following is a summary of the work of the Audit Committee during 2023:

1. Reviewed the financial reports for 2022 annual results and 2023 interim results, and unaudited financial results for the first quarter and the third quarter of 2023;
2. Reviewed the findings and recommendations of the Internal Audit on the work of various business units and divisions/departments and updates on remedial actions, as appropriate;
3. Reviewed the effectiveness of the risk management and internal control systems;
4. Reviewed the external auditor's audit planning report and audit findings;
5. Reviewed the external auditor's remuneration;
6. Reviewed the risks of different business units and analysis thereof provided by the relevant business units and the Internal Audit Department;
7. Reviewed the control mechanisms for such risks advising on action plans for improvement of the situations;
8. Reviewed the arrangements employees can use, in confidence and anonymity, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
9. Reviewed the following internal policies and corporate governance practices:

   Corporate governance policies ("Corporate Governance Policies"):
   (a) Anti-Fraud and Anti-Bribery Policy;
   (b) Anti-Money Laundering Policy;
   (c) Board Diversity Policy;
   (d) Competition Compliance Policy;
   (e) Director Nomination Policy;
   (f) Employee Code of Conduct;
   (g) Information Security Policy;
   (h) Media, Public Engagement and Donation Policy;
   (i) Model Code for Securities Transactions by Directors;
   (j) Policy on Appointment of Third Party Representatives;
   (k) Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing;
   (l) Privacy Policy and Personal Information Collection Statement;
   (m) Sanctions Compliance Policy;
   (n) Shareholders Communication Policy;
   (o) Whistleblowing Policy – Procedures for Reporting Possible Improprieties; and

   Sustainability Policies:
   (p) Anti-Harassment Policy;
   (q) Corporate Social Responsibility Policy;
   (r) Environmental Policy;
   (s) Health and Safety Policy;
   (t) Human Rights Policy;
   (u) Modern Slavery and Human Trafficking Statement;
   (v) Supplier Code of Conduct; and
10. Reviewed revisions of the following Corporate Governance Policies:

    (a) Shareholders Communication Policy; and
    (b) Whistleblowing Policy – Procedures for Reporting Possible Improprieties.

At the meeting of the Audit Committee held in March 2024, the Audit Committee:

1. Noted, after due and careful consideration of reports from the management and the internal and external auditors, that no suspected fraud or irregularities, significant internal control deficiencies, or significant suspected infringement of laws, rules, or regulations had been found, and concluded that the risk management and internal control systems were adequate and effective;
2. Reviewed the Group's 2023 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal and external auditors, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2023 complied with the applicable accounting standards and Appendix D2 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval of the consolidated financial statements for the year ended 31st December, 2023;
3. Noted the fees for (i) audit services, and (ii) tax services and other services provided by the external auditor of the Company for the year ended 31st December, 2023 amounted to approximately HK$7.3 million and HK$2.0 million, respectively; and, in this respect, received confirmation from Messrs. Deloitte Touche Tohmatsu ("Deloitte"), the Company's external auditor, that Deloitte is independent in accordance with The Code of Ethics for Professional Accountants issued by The Hong Kong Institute of Certified Public Accountants;
4. Resolved to recommend to the Board the re-appointment of Deloitte as the Company's external auditor for 2024 and that the related resolution be put forth for shareholders' consideration and approval at the 2024 annual general meeting;

ACCOUNTABILITY AND AUDIT (CONT'D)

Audit Committee (Cont'd)

5. Reviewed the Annual Report 2023;
6. Reviewed and confirmed satisfaction of the following corporate governance functions, as delegated by the Board and provided in the terms of reference of the Audit Committee:
   (a) Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
   (b) Review and monitor the training and continuous professional development of Directors and senior management;
   (c) Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
   (d) Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
   (e) Review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
7. Reviewed revisions of Shareholders Communication Policy.

The Whistleblowing Policy is in place for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included in the Company's Employee Handbook and available on the Company's website.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective risk management and internal control systems, which include the development of necessary policies and procedures. Such systems are reviewed twice a year to ensure they are operating effectively on an ongoing basis. The Group has put in place an Enterprise Risk Management framework, which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework, to identify, assess, manage, monitor and control current and emerging risks.

Risk management and internal control systems are designed to help achieve the following objectives:

1. Alignment with and supportive of the Group's strategies;
2. Effectiveness and efficiency of operations which include safeguarding assets against unauthorised use or disposition;
3. Reliability of financial and operational reporting; and
4. Compliance with applicable laws, regulations and internal controls and procedures.

Both 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 errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits.

The Board, through the Audit Committee, regularly reviews the following:

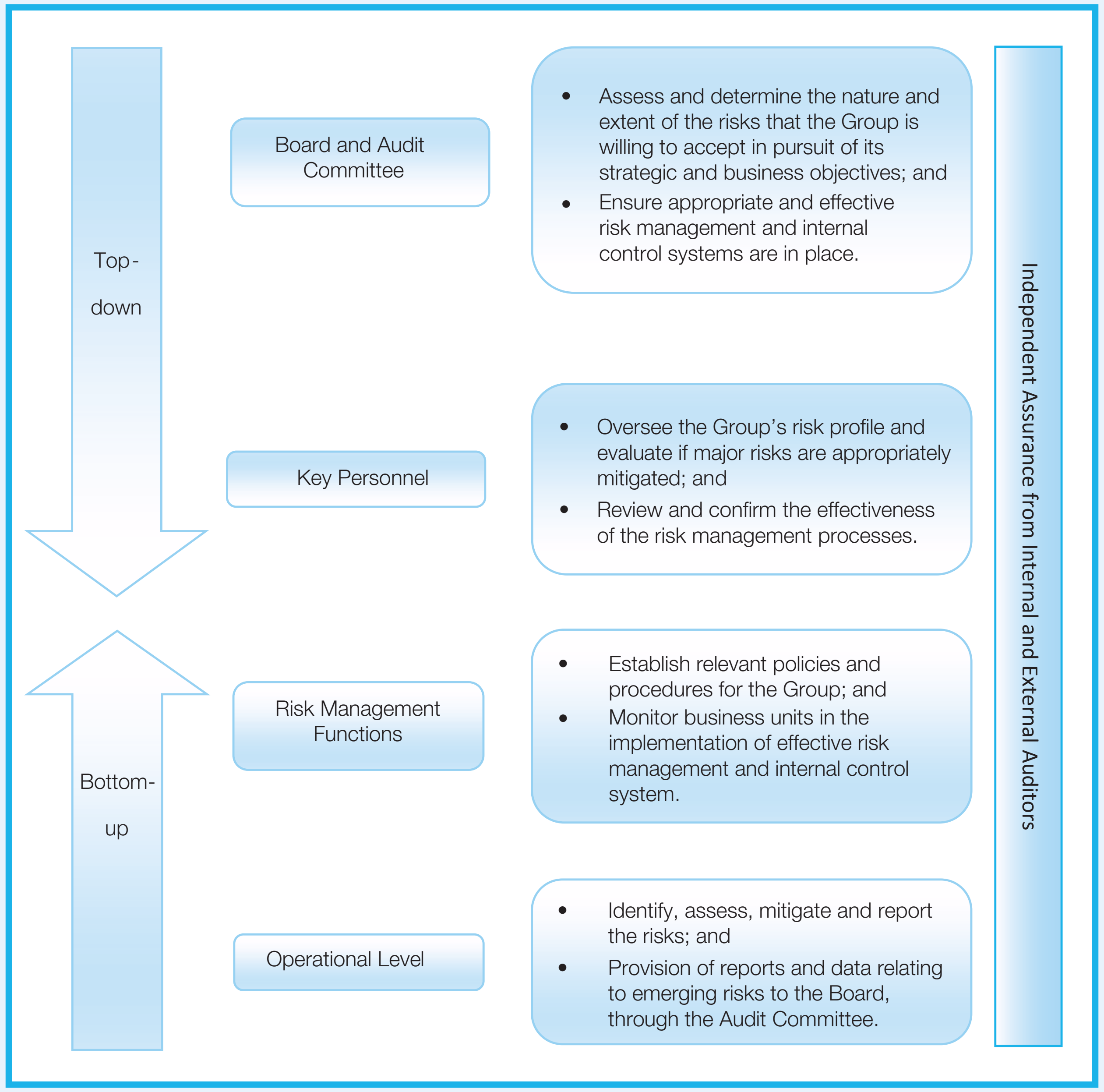
1. The significant risks (including ESG risks) and decisions that could have a material impact on the Group. These reviews consider the level of risk that the Group is prepared to take in pursuit of its business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. They also regularly review the effectiveness of any remedial actions taken during the reporting period in order to respond to changes in its business and the external environment; and
2. The scope and quality of the risk management framework (including ESG risks) and effectiveness of the internal control systems. The Audit Committee evaluates the internal audit function on an ongoing basis by reviewing internal audit resources, plans, budgets and works. The Audit Committee also carries out a review of the reports from the external auditors, Deloitte, regarding the internal controls and relevant financial reporting matters in the Company.

The terms of reference of the Audit Committee include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Governance Structure for Enterprise Risk Management

The Group adopts a "Top-down and bottom-up" approach to managing risk exposures, involving input from each major business unit as well as discussions and reviews by the key personnel and the Board, through the Audit Committee. The top-down strategic view with complementary bottom-up operational processes are illustrated below:



Through this "top-down and bottom-up" risk review process, the risks identified in each business unit will be presented in the Group Risk Register, where they are considered significant on a group level. This Register, whose content is confirmed by the Group Managing Director and the Chief Financial Officer, forms part of the Risk Management Report for review and approval by the Audit Committee every half-yearly. The Audit Committee, on behalf of the Board, reviews the Report to ensure that all the significant risks are identified and appropriately managed.

For the half-yearly risk assessment submission, each business unit has to perform a risk assessment where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanisms for each risk and an action plan is put in place to address the areas for improvement. The chief executive officer and chief financial officer of each business unit need to provide a formal confirmation to acknowledge the review of their control systems and highlight any weaknesses. Such confirmations are reviewed by the Audit Committee, through Internal Audit, and submitted to the Board for its assessment.

Regarding the procedures and internal controls for handling inside information, the Group:

1. is well aware of its statutory and regulatory obligations to announce any inside information;
2. has implemented policies and procedures which strictly prohibit the unauthorised use of confidential information and insider trading, and has communicated this to all staff; and
3. requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessments of the risk management and internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with the greatest perceived risks. Ad hoc reviews will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business units will be informed of the areas for improvement, and Internal Audit will closely monitor the implementation of agreed corrective actions.

Review of the Effectiveness of Enterprise Risk Management and Internal Control Systems

Through the Audit Committee's review, the Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness.

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls, and concluded that they are adequate and effective. No significant control failings or weaknesses had been identified during the reporting period. The Board is not aware of any material unforeseen outcomes or contingencies that may in the future have a material impact on the Company's financial performance or condition.

The Board, through the Audit Committee, has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, and financial reporting functions as well as those relating to the company's ESG performance and reporting at the Board meeting held in March 2024.

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Legal and Regulatory Compliance

The Group is committed to maintaining high standards of business integrity, honesty and transparency in all its business dealings. In addition to the risk management and internal control measures discussed above, the Company has adopted, and regularly reviews, its comprehensive set of corporate governance policies and sustainability policies, which provide frameworks and directions at the Group level on corporate governance and sustainability-related matters. Business units and operating subsidiaries also develop additional implementation policies and practices that better suit their specific business and operating circumstances.

The Group adopts a "zero tolerance" approach to bribery, corruption and fraud of any kind. Relevant Corporate Governance Policies (e.g. the Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, the Employee Code of Conduct and the Whistleblowing Policy, etc.) are in place and available to employees for their attention and adherence for promotion and support of the anti-corruption laws and regulations. In addition to the specific requirements included in the contracts with suppliers for compliance with local laws and regulations, the Supplier Code of Conduct requests that the appointed suppliers maintain the ethical standards which align with the compliance requirements and practices as provided therein. Tailor-made internal seminars and workshops are held from time to time with the assistance of regulators, legal professionals and other experts to provide employees with training on the latest development of the legal and regulatory requirements in relation to anti-corruption and other legal compliance issues. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

The Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Shares Buy-backs, the Securities and Futures Ordinance, the Companies Ordinance, the Companies Act of Bermuda and other applicable law, rules and regulations. The Group is committed to conducting its businesses in compliance with the applicable local and international law, rules and regulations. During the year of 2023, the Board is not aware of any legal or regulatory non-compliance by the Directors or employees of the Group which might have significant impact on the Group.

NOMINATION OF DIRECTORS

Nomination Committee

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. The Nomination Committee is chaired by Mrs. Kwok Eva Lee, an Independent Non-executive Director, with another Independent Non-executive Director, Mr. Cheong Ying Chew, Henry [Note] and the Chairman of the Board, Mr. Victor T K Li as members.

Note: Mr. Cheong Ying Chew, Henry has been appointed as a member of the Nomination Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.

The terms of reference of the Nomination Committee follow closely the requirements of the CG Code and are available on the websites of the Company and HKEX. The principal responsibilities of the Nomination Committee are:

1. at least once annually to review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the Board to achieve the Group corporate strategy as well as promote shareholder value;
2. to identify suitable director candidates and select or make recommendation to the Board on the selection of individuals to be nominated as Directors;
3. to assess the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules;
4. to make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
5. to review the Director Nomination Policy and the Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board.

A meeting of the Nomination Committee was held in March 2023. Attendance record of the members of the Nomination Committee in 2023 is as follows:–

Members of the Nomination Committee	Nomination Committee Meeting(s) Attended/ Eligible to Attend
KWOK Eva Lee *(Chairperson of the Nomination Committee)*	1/1
Victor T K LI	1/1
Barrie COOK [Note]	1/1

Note: Mr. Barrie Cook retired and Mr. Cheong Ying Chew, Henry is appointed as a member of the Nomination Committee with effect from 10th February, 2024.

The following is a summary of the work of the Nomination Committee during 2023:

1. Reviewed the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and made recommendation to the Board on any proposed changes;
2. Assessed the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules;
3. Made recommendation to the Board on the re-election of Directors at the 2023 annual general meeting; and
4. Reviewed the implementation and effectiveness of the Director Nomination Policy and the Board Diversity Policy and made recommendations on any proposed revision to the Board, where applicable.

The Nomination Committee is provided with sufficient resources to perform its duties. The Nomination Committee is empowered by the Board to seek information they require from the management of the Company in order to perform their duties and to have access to independent professional advice at the Company's expense, through the Company Secretary, where necessary.

NOMINATION OF DIRECTORS (CONT'D)

Nomination Procedures and Board Diversity

The Board recognises the importance of Board refreshment, which brings in new perspectives and ideas to the Board and the Group. The Nomination Committee is responsible for a regular review of the Board composition and succession planning for Directors and makes recommendations on changes to the Board, taking the Company's corporate strategy and shareholder value into account.

The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship. The nomination process has been, and will continue to be, conducted in accordance with the Director Nomination Policy and the Board Diversity Policy. Such policies are available on the website of the Company. The Board, through and by the Nomination Committee, reviews from time to time (and at least once annually) these policies and monitors their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

The Company's Director Nomination Policy sets out the approach and procedures the Board adopts for the nomination and selection of suitable director candidates, including the appointment of additional Directors, replacement of Directors and re-election of Directors:

1. The Nomination Committee, from time to time, identifies, assesses, selects and nominates suitable director candidates to the Board for it to consider for appointment. In the determination of the suitability of a candidate, the Nomination Committee considers the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity, and in particular considers whether and how the candidate's attributes may be complementary to the Board as a whole, and the candidate's commitment, motivation, integrity and such other factors that it may consider appropriate for a position on the Board. The Board takes into consideration the benefits of a diversified Board when selecting Board candidates. The ultimate responsibility for the selection and appointment of Directors rests with the Board as a whole.
2. If the Nomination Committee determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will, if appropriate, make a recommendation to the Board for its consideration, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Bye-laws and applicable laws and regulations. The procedures for such proposal are available on the website of the Company.

The Company's Board Diversity Policy sets out the approach to achieving diversity on the Board.

1. The Company recognises the benefits of a Board that possesses a balance of skill sets, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.
2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, education background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board.
3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company.
4. The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as Directors, reviewing succession plan of Directors, and making recommendation on these matters to the Board for approval. The Company is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions.

There are currently four female Directors, representing about 26.66% of the Board. The Board is of the view that gender should not be the only driving factor in considering a candidate for the Board. The Company will follow the Board Diversity Policy and the Director Nomination Policy to take into account various factors to identify suitable candidates for appointment to the Board, and may adjust the proportion of female directors over time as and when appropriate. As at 31st December, 2023, the ratio of female to male in the workforce (including senior management) of the Group was 21 : 79. Notwithstanding the foregoing, gender diversity may be less relevant to the Group's infrastructure business due to the nature of business.

Rotation of Directors

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

Where a retiring Director, being eligible, offers himself/herself for re-election at the annual general meeting, the Nomination Committee will consider and, if appropriate, recommend to the Board that such retiring Director be recommended for re-election by the shareholders at the forthcoming annual general meeting. When formulating such recommendations, the Nomination Committee will take into consideration the Company's Bye-laws, Director Nomination Policy and Board Diversity Policy, as well as, in the case of a retiring Independent Non-executive Director, his/her biographical details and diversity profile, and the contributions and independent view he/she can bring to the Board. A member of the Nomination Committee abstains from voting on the resolutions of the Nomination Committee for considering his/her own nomination.

NOMINATION OF DIRECTORS (CONT'D)

Rotation of Directors (Cont'd)

Each retiring Independent Non-executive Director eligible for re-election at the annual general meeting makes a confirmation of independence taking into account the independence factors set out in Rule 3.13 of the Listing Rules. The Board has opined in its circular for 2024 annual general meeting that the retiring Independent Non-executive Directors, eligible for re-election, namely Mr. Cheong Ying Chew, Henry and Mr. Lan Hong Tsung, David, meet the independence factors set out in Rule 3.13 of the Listing Rules and are independent.

The Board assesses a Director's independence on a case-by-case basis with reference to the Director's business acumen, experience in related industries, professional qualification, international business exposure and the nature of the businesses of the Company. The Board considers that a Director's independence should not be defined by his/her tenure on the Board. A Director who has over time gained in-depth insight into the Company's operations and its markets are well-positioned to offer his/her perspective and advice for discussions on the Board. Long serving directors can bring valuable contributions to the Company with their comprehensive understanding of the operations of the Company, in particular the infrastructure businesses which typically have a long return on investment period.

The Nomination Committee has taken into account the respective contributions of the retiring Independent Non-executive Directors to the Board and their commitment to their roles as Independent Non-executive Directors. The retiring Independent Non-executive Directors have demonstrated their ability to provide independent views to the Company's matters and have brought in fresh perspectives, skills and knowledge gained from their other directorships and appointments on an ongoing basis. The Nomination Committee is satisfied that each of the retiring Independent Non-executive Directors possesses the required integrity and the wealth of skills, knowledge and experience that have enabled them to continue contributing meaningfully and objectively to the Board as an Independent Non-executive Director and the independence of each of the retiring Independent Non-executive Directors from the management has not been impaired by the years of service. Based on the biographical information disclosed to the Company, none of the retiring Independent Non-executive Directors holds seven or more listed company directorships. During their tenure as Independent Non-executive Directors, none of the retiring Independent Non-executive Directors has been involved in the daily management of the Company nor has been financially dependent on the Company which would materially interfere with the exercise of independent judgement. There is no evidence that their tenure has compromised their continued independence.

The nomination of the retiring Directors has been made in accordance with the Director Nomination Policy of the Company. The Nomination Committee is of the view that the retiring Directors are appropriate to stand for re-elections and that their re-appointments will enhance the Board's diversity and performance, and accordingly recommends them for re-election at the forthcoming annual general meeting.

The Board, having considered the recommendation of the Nomination Committee, is of the view that the retiring Directors are able to continue to generate significant contributions to the Company and the shareholders as a whole, and has accepted the nomination by the Nomination Committee and recommends the retiring Directors for re-election by the shareholders at the forthcoming annual general meeting. The Board considers that the re-election of the retiring Directors as Directors is in the best interest of the Company and the shareholders as a whole. The retiring Directors abstained from voting at the Board meeting regarding their respective nominations.

As at the date of this Annual Report, one of the Independent Non-executive Directors has served the Board for not more than nine years. In accordance with the CG Code, if and when all the Independent Non-executive Directors have served on the Board for more than nine years, a circular containing the required information on the existing Independent Non-executive Directors will be sent to the shareholders together with the notice of the annual general meeting, and a new Independent Non-executive Director will be appointed at the forthcoming annual general meeting as required by the CG Code and the Listing Rules.

REMUNERATION OF DIRECTORS

Remuneration Committee

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Cheong Ying Chew, Henry, an Independent Non-executive Director, with another Independent Non-executive Director, Mrs. Sng Sow-mei alias Poon Sow Mei and the Chairman of the Board, Mr. Victor T K Li as members.

As reported in the last corporate governance report, a meeting of the Remuneration Committee was held in January 2023. Since the publication of the Annual Report 2022 in April 2023, a meeting of the Remuneration Committee was held in January 2024. Attendance record is as follows:

Members of the Remuneration Committee	Remuneration Committee Meeting(s) Attended/ Eligible to Attend
CHEONG Ying Chew, Henry *(Chairman of the Remuneration Committee)*	1/1
Victor T K LI	1/1
SNG Sow-mei alias POON Sow Mei	1/1

The terms of reference of the Remuneration Committee are available on the websites of the Company and HKEX. The Board reviewed the terms of reference of the Remuneration Committee in March 2023 and March 2024 for an update of the terms of reference in accordance with the provisions set out in the CG Code.

Under its terms of reference, the principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration packages of all Directors and the senior management, making recommendations on the remuneration of Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors and senior management, with reference to the corporate goals and objectives of the Board resolved from time to time. The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.

REMUNERATION OF DIRECTORS (CONT'D)

Remuneration Committee (Cont'd)

In the discharge of its duties and to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised on the Group's existing Remuneration Policy and proposals for formulating employees' remuneration packages, market trends and other human resources issues relating to the Directors and senior management, including, without limitation, succession plans and key personnel movements as well as policies for recruiting and retaining qualified personnel. Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to perform its duties. The Company Secretary arranges independent professional advice at the expense of the Company for the Remuneration Committee should the seeking of such advice be considered necessary by the Remuneration Committee.

The following is a summary of the work of the Remuneration Committee during the meeting held in January 2024:

1. Reviewed the remuneration policy for 2023/2024;
2. Recommended to the Board the Company's policy and structure for the remuneration packages of the Directors and the management;
3. Reviewed and determined the remuneration packages of Executive Directors and the management with reference to the Company's established practice of the remuneration review;
4. Reviewed the remuneration of Non-executive Directors;
5. Reviewed the annual bonus policy; and
6. Considered HKEX's proposed requirement for listed issuers to disclose whether and how climate-related considerations would be factored into remuneration policies, and considered the preparation for formulating remuneration packages taking account of the Company's ESG performance.

The Remuneration Committee is satisfied that there is in place a clear system for determining remunerations, that is reasonable and has been followed consistently in its application.

No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2024. The recommendations made by the Remuneration Committee were endorsed by the Board in March 2024.

Remuneration Policy

The remuneration packages of the Executive Directors and senior management are determined with reference to the skills, knowledge, experience, involvement in the Company's affairs and the performance of the individuals, taking into account the corporate goals and objectives of the Board resolved from time to time, the expected overall performance of the Group's businesses, market trends (including market data and the prevailing market conditions during that year), and whether the current remuneration programme effectively aligns executive pay and performance. A significant proportion of the Executive Directors' remuneration packages has been structured to link rewards to corporate and individual performance. The Company does not have any share option scheme in place. The Board has resolved that the senior management of the Company comprises the Executive Directors of the Company only. Please refer to note 33 in the Notes to Consolidated Financial Statements for details of the remuneration payable to the Directors.

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

SUSTAINABILITY

Sustainability Committee

As at the date of this Annual Report, the Sustainability Committee comprises three Directors, a majority of whom are Independent Non-executive Directors, and the Company Secretary.

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

The terms of reference of the Sustainability Committee are available on the websites of the Company and HKEX. The principal responsibilities of the Sustainability Committee include:

1. to propose and recommend to the Board on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives, goals and targets;
2. to oversee, review and evaluate actions taken by the Group in furtherance of the corporate social responsibility and sustainability priorities, goals and targets, including coordinating with the business units of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals;
3. to review and report to the Board on sustainability and ESG risks and opportunities;
4. to monitor, evaluate and review emerging corporate social responsibility and sustainability-related issues, trends and best practices that could impact the business operations and performance of the Group;

Note: Mr. Lan Hong Tsung, David has been appointed as a member of the Sustainability Committee with effect from 10th February, 2024 following the retirement of Mr. Barrie Cook.

SUSTAINABILITY (CONT'D)

Sustainability Committee (Cont'd)

5. to oversee and review the Group's corporate social responsibility and sustainability and ESG policies, practices, frameworks and management approach, and to recommend improvements;
6. to consider the impact of the Company's corporate social responsibility and sustainability on its stakeholders, including employees, shareholders, local communities and the environment;
7. to review and advise the Board on the Company's public communication, disclosure and publications (including the Sustainability Report) as regards to its corporate social responsibility and sustainability performance; and
8. to perform such further functions related or incidental to the foregoing which the Sustainability Committee deems appropriate.

The Sustainability Committee is provided with sufficient resources to perform its duties. The Company Secretary arranges independent professional advice for the Sustainability Committee at the expense of the Company should the seeking of such advice be considered necessary by the Sustainability Committee.

The Sustainability Committee held two meetings in March and November of 2023. Attendance record of the members of the Sustainability Committee in 2023 is as follows:

Members of the Sustainability Committee	Sustainability Committee Meeting(s) Attended/ Eligible to Attend
IP Tak Chuen, Edmond *(Chairman of the Sustainability Committee)*	2/2
Barrie COOK [Note]	0/2
Paul Joseph TIGHE	2/2
Eirene YEUNG	2/2

Note: Mr. Barrie Cook retired and Mr. Lan Hong Tsung, David is appointed as a member of the Sustainability Committee with effect from 10th February, 2024.

The following is a summary of the major work of the Sustainability Committee during the year of 2023:

1. Reviewed the Group's sustainability objectives, strategies, priorities, initiatives, goals, targets, work progress and highlights for the year of 2022, in consultation with the external professional consultant;
2. Reviewed the compliance of climate-related disclosures which was recommended by the Taskforce on Climate-related Financial Disclosures (TCFD), and other initiatives, with a view to enhancing the Company's sustainability disclosures and ability to identify and address sustainability-related issues;
3. Considered rating agencies' analyses of the Group's sustainability performance;
4. Reviewed the potential climate-related financial risks and opportunities that might affect the Group;
5. Reviewed the Company's sustainability frameworks and sustainability related policies, practices and management approach;
6. Reviewed the Company's sustainability report for the year of 2022, prepared in consultation with the external professional consultant;
7. Reviewed the progress of the Group in 2023 towards the sustainability targets and sustainability-related issues, trends and best practices;
8. Considered an introductory review of the exposure drafts of the International Sustainability Standards released by the International Sustainability Standards Board (ISSB) in March 2023;
9. Reviewed alignment for the Group's sustainability targets and goals with the United Nations Sustainable Development Goals (UNSDGs);
10. Considered the plan and preparatory work for the Company's sustainability report for the year of 2023; and
11. Considered revisions of (a) Environmental Policy; (b) Human Rights Policy; and (c) Supplier Code of Conduct.

At the meeting of the Sustainability Committee held in March 2024, the Sustainability Committee reviewed the sustainability report for the year 2023 and reviewed the sustainability policies of the Company.

Sustainability Report

The Company's standalone sustainability report provides more details of the Group's sustainability efforts and practices. The sustainability report for the year of 2023, published at the same time as this Annual Report, is available on the websites of the Company and HKEX.

SHAREHOLDERS ENGAGEMENT

Shareholders Communication Policy

The Company's Shareholders Communication Policy is available on the Company's website. The policy is subject to review on a regular basis to ensure its implementation and effectiveness.

The Company commits to engaging stakeholders in ongoing dialogues to understand their evolving needs, concerns and expectations. The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels include (1) corporate communications [Note 1] published on the websites of the Company and HKEX with notice of availability of corporate communications to be distributed to shareholders [Note 2] by email or by post (where applicable) (and, in the case of actionable corporate communications [Note 3], further disseminated to shareholders in accordance with the Listing Rules); (2) general meetings which provide a forum for shareholders to raise comments and exchange views with the Board; (3) updated and key information regarding the Group available on the website of the Company; (4) the Company's website which offers a communication platform between the Company and its shareholders and stakeholders; (5) press conferences and briefing meetings with analysts held from time to time, where applicable, to provide updates on the performance of the Group; (6) the Company's Branch Share Registrar who deals with shareholders for share registration and related matters; (7) the Corporate Affairs Department of the Company handling enquiries from shareholders and investors generally; and (8) other dedicated communication channels, activities and events operated or organised by designated business units and departments at various levels engaging different groups of stakeholders.

Notes:

1. "Corporate Communications" refer to any documents issued or to be issued by the Company for the information or action of holders of any of the Company's shares or securities or the investing public, including but not limited to directors' reports, annual accounts and auditor's reports, interim reports, notices of meetings, listing documents, circulars and proxy forms.
2. "Shareholders", for the purpose of this section, include holder of the shares in or other securities of the Company.
3. "Actionable Corporate Communications" refer to any Corporate Communications that seek instructions from Shareholders on how they wish to exercise their rights or made an election as Shareholders.

SHAREHOLDERS ENGAGEMENT (CONT'D)

Shareholders Communication Policy (Cont'd)

These channels are adopted for communications with shareholders, and for shareholders and investors to provide the Company with feedback and engage with the Company actively. Shareholders are encouraged to attend general meetings. Shareholders' questions not fully answered at general meetings will be followed up by the Company Secretary, the authorised officers and other relevant departments, as appropriate. Contact details of Investor Relations are available on the Company's website for taking enquiries and receiving information requests from shareholders. Those enquiries and information requests will be handled by Investor Relations or referred to other relevant departments for further handling. Having reviewed the implementation of the multiple channels of communication in place, the Board, through and by the Audit Committee, considers that the implementation of the Company's Shareholders Communication Policy was effective during the year ended 31st December, 2023. In March 2023, the Shareholders Communication Policy was amended to include an introduction to the Company's whistleblowing mechanism and related contact details and provide further elaborations on the aims and functions of the various channels available for shareholders' communications. In March 2024, the Shareholders Communication Policy was further amended to reflect the new arrangements for dissemination of corporate communications to shareholders.

No changes have been made to the Company's constitutional documents during the year ended 31st December, 2023 and thereafter until the date of this Annual Report.

Shareholders Rights and Shareholders Meetings

The Company has only one class of shares. All shares have the same voting rights and are entitled to dividends declared. The Company's Bye-laws set out the rights of shareholders. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company.

Shareholder(s) holding not less than one-twentieth of the total voting rights or not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder(s) in such proposal.

Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including an annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. The procedures for shareholders to propose a person for election as a Director are available on the website of the Company.

In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way.

A general meeting may be held as a physical meeting, or as a hybrid meeting conducted by virtual attendance through electronic facilities as well as physical attendance, in the proceedings of which shareholders are provided with on-line access to participate and vote. All corporate communications of the Company are published on the Company's website. Shareholders (including those whose shares are held in the Central Clearing and Settlement System (CCASS)) are entitled to request receiving corporate communications in printed form. (Any such request from a shareholder will cease to be valid after one year, or such shorter period if the original request is revoked in writing, or superseded by subsequent written request, by such shareholder, prior to the expiry date of the original request.) Details of the arrangements for dissemination of corporate communications (including actionable corporate communications) and the relevant request forms are available on the Company's website under "Dissemination of Corporate Communications" in the "Investor Information" section.

Enquiries in relation to the Company's matters may be sent in written form to the Board by addressing them to the Corporate Affairs Department or the Company Secretary by mail at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or by email to contact@cki.com.hk. The Company Secretary ensures that all such enquiries will be properly directed to the Board, the relevant Board Committee(s), and/or the relevant departments of the Company, as appropriate, for further handling. The Company Secretary and the authorised officers are responsible for coordinating communications.

In 2023, the Company held one general meeting. The Chairman, the Chairperson of each of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee and the Executive Committee and all other Directors in office at the time attended the 2023 annual general meeting held in May 2023 and were available to answer questions. The Company's external auditor attended the 2023 annual general meeting and was available to answer questions.

SHAREHOLDERS ENGAGEMENT (CONT'D)

Shareholders Rights and Shareholders Meetings (Cont'd)

Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors. All the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings are taken by poll.

At the 2023 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. The Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notice of annual general meeting to be voted on by way of a poll. Representatives of the Branch Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2023 annual general meeting.

The percentage of votes cast in favour of the resolutions at the 2023 annual general meeting as disclosed in the announcement of the Company dated 17th May, 2023 are set out below:

	Resolutions proposed at the 2023 Annual General Meeting	Percentage of Votes
1.	To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2022.	99.9880%
2.	To declare a final dividend.	100.0000%
3(1).	To elect Mr. Victor T K Li as Director.	96.5492%
3(2).	To elect Mr. Fok Kin Ning, Canning as Director.	95.0948%
3(3).	To elect Ms. Chen Tsien Hua as Director.	98.6762%
3(4).	To elect Mrs. Sng Sow-mei alias Poon Sow Mei as Director.	95.8786%
3(5).	To elect Mr. Paul Joseph Tighe as Director.	99.4322%
3(6).	To elect Mrs. Lee Pui Ling, Angelina as Director.	95.5793%
4.	To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.	99.7863%
5(1).	To give a general mandate to the Directors to issue additional shares of the Company.	99.5678%
5(2).	To give a general mandate to the Directors to buy back shares of the Company.	99.9964%

Accordingly, all resolutions put to shareholders at the 2023 annual general meeting were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEX.

Other corporate information and important shareholders' dates are set out in the "Corporate Information and Key Dates" section of this Annual Report.

As at 31st December, 2023, the Company had 2,360 registered shareholders, whose shareholdings are categorised as follows:–

Size of Registered Shareholding	No. of Shareholders	Approximate percentage of Shareholders	No. of Shares	Approximate percentage of Issued Share Capital
1,000 or below	1,083	45.89%	918,741	0.04%
1,001 – 5,000	778	32.97%	2,293,935	0.09%
5,001 – 10,000	254	10.76%	2,138,989	0.08%
10,001 – 100,000	224	9.49%	6,569,764	0.26%
Above 100,000	21	0.89%	2,507,689,516	99.53%
Total	**2,360**	**100%**	**2,519,610,945** [Note]	**100%**

Note: As at 31st December, 2023, the Company had 2,519,610,945 shares in issue, out of which 592,797,071 shares were registered in the name of HKSCC Nominees Limited.

Based on information publicly available and within the knowledge of the Directors, the public float of the Company as at the latest practicable date prior to the date of publication of this Annual Report is approximately 24.09%*.

* Waiver from strict compliance with Rule 8.08 of the Listing Rules has been granted to the Company subject to maintenance of a public float of not less than approximately 15.2%.

RISK FACTORS

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

GLOBAL ECONOMY

Continued trade protectionism, fluctuation of major currencies, increasing international geopolitical tensions, supply chain disruptions, high interest rates and persistent inflationary pressure in some countries, tightening fiscal policy and monetary policy, high commodity prices and energy costs, cost of living crisis and industrial actions have created uncertainties and volatility in the world economy and global financial markets. Slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence, and increased market volatility and a decline in the value of the assets.

The Group is a diversified infrastructure investment company with businesses presently in Hong Kong, Mainland China, the United Kingdom ("UK"), Continental Europe, Australia, New Zealand, Canada and the United States. Any adverse economic, social and/or political conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions or results of operations, asset values and liabilities.

ECONOMIC CONDITIONS AND INTEREST RATES

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

Inflation and interest rates remain high in many countries. The interest rate cycle has impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

In particular, certain businesses in the Group are subject to regulatory regimes in which local interest rates are taken into account in the calculation of the regulated cost of capital, which flows through to allowed revenue. There can be no assurance that any changes in the regulated cost of capital can be fully mitigated by the businesses. Furthermore, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's business, financial conditions, results of operations and growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

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

HIGHLY COMPETITIVE MARKETS

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

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Many of the Group's regulated businesses have recently been undergoing challenging regulatory resets with lower permitted return and restrictions on shareholders' distribution under certain circumstances. Interest and inflation rates, high energy cost, energy windfall tax, cap on the energy retail prices in certain markets as well as tougher stances adopted by regulators may affect the returns of the Group's infrastructure businesses. Any operational practices that are significantly out of step with community expectations can lead to concerns with regulators or local or national governments, and may ultimately lead to more stringent regulatory resets, regulatory oversight as well as negative publicity that could also have a reputational impact.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or any other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perceptions and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. The Russia-Ukraine conflict and the instability in the Middle East will continue to put energy supply at risk and cause substantial price volatility. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. The capacity factor (load factor) of the wind farms acquired by the Group could also be affected by the wind conditions, which could result in the fluctuation of revenues. Some investments in non-regulated business may also be impacted by regulatory reform, such as the set up of Great British Railways may change the dynamic of the market. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

CRUDE OIL MARKETS

The Group's investment in Husky Midstream Limited Partnership ("HMLP") comprises oil pipelines, storage facilities and ancillary assets in Canada. Its results of operation and financial conditions may be dependent on the prices received for refined products and crude oil of Cenovus Energy Inc. ("Cenovus"). Fluctuation of crude oil prices could impact the value and quantity of Cenovus' oil production. HMLP also has other customers apart from Cenovus and their demand for HMLP's services may depend on prices received for their refined products and crude oil. Prices for refined products and crude oil are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand may be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social and political conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns and the availability of alternate sources of energy. Furthermore, HMLP is also susceptible to unforeseen pipeline releases at rivers or nature reserves. If the above events occurred or further occurred, it may adversely affect the Group's financial conditions and results of operations.

CAPEX INVESTMENT

Capex investment plans for regulated business are proposed and planned based on the asset conditions, regulatory compliance and government initiative, such as net zero emission and hydrogen plan. Aggressive targets could require huge capital investment in a short period of time. That would cause concerns on: affordability of the customers for the increase in tariff; construction is constrained by the availability of labour and resources. Excess demand would further drag up capital investment project costs, which might cause cost of funding not being able to be justified by the weighted average cost of capital (WACC) return allowed by the regulator.

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

CURRENCY FLUCTUATIONS

The Group is a diversified infrastructure investment company with businesses presently in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States, and is exposed to potential currency fluctuations in these countries and regions in which the Group operates. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact the Group's financial conditions or results of operations, asset values and liabilities.

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

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

CYBERSECURITY

With the fast expanding adoption of internet and networking operational technology, rapid development of artificial intelligence (AI) technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are prone to attack, damage or unauthorised access in the cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

Although the Group has not experienced any major damage to its infrastructure projects, assets or activities from cyber attacks to date, there can be no assurance that future cyber attacks or security breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's business reputation, businesses, financial conditions, results of operations or growth prospects.

LABOUR

The labour markets in which the Group operates are undergoing major short- and long-term structural changes. Unemployment rates are at lows and people are seeking to improve work life balance. There is a high level of uncertainty in labour availability and cost. There is no assurance that the situation will improve anytime soon.

SUPPLY CHAIN DISRUPTIONS

Geopolitical tensions have disrupted supply of raw materials, transportation and port operations. In addition to escalating costs and unpredictable lead time, there are widespread shortages of shipping availability. Increase in energy and oil prices has added complexity to the disruption. Global disruptions have spilled over to domestic supply chains. Specific domestic issues include shortage of labour which is particularly acute in some areas the Group is operating in. There is no assurance that the situation will improve anytime soon.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

IMPACT OF POSSIBLE ECONOMIC SANCTIONS ON BUSINESS PARTNERS, SUPPLIERS, CUSTOMERS OR BUSINESSES IN GENERAL

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, His Majesty's Treasury, the Office of Financial Sanctions Implementation or other UK government agency, the EU or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, the provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliances with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial conditions and results of operations.

MERGERS AND ACQUISITIONS

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements, and a willingness to take market risk. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete.

Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. There might be longer and more complicated foreign investment approval processes in particular for "sensitive" infrastructure assets such as electricity and gas networks. The increasing geopolitical tensions have accelerated these trends as governments have responded with additional foreign investment regulations to protect local enterprises from foreign acquisitions and also to protect strategic assets from foreign control. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business, which may result in loss of revenue and profits and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Political, regulatory and media attention has increased significantly towards privatised companies in countries in which the Group operates. Regulators in some of these countries have warned of increasingly onerous regulatory resets, and some major political parties are promoting policies to bring energy, water and railways back into public ownership, which could potentially have serious and material consequences for the Group if such regulations and policies are enacted. Group companies are responding to these risks by focusing on their core strategies of delivering and outperforming regulatory outputs such as safety, reliability and customer service, at the lowest cost possible; by conveying the positive benefits to customers of the services they provide; and by engaging collaboratively with regulators and politicians to demonstrate the advantages of private ownership.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

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

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards ("IFRS"). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group's financial position or results of operations.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

RISKS ARISING FROM CLIMATE CHANGE

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rainfall amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose an increased risk for staff working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislation or requirements to restrict emissions and other environmental protective measures. Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Regulations, new disclosure requirements, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's business, financial conditions, results of operations and growth prospects.

TRANSITION RISKS

Pressure on businesses to support the transition to low-carbon economic systems is rising. In a low-carbon economy, emissions are minimised through the use of low-carbon resources, while resource efficiency is maximised by the reduction of wasteful and high-emissions consumption. Infrastructure businesses faced unexpected pressure from regulatory, legal, market, technological, and reputational risks generated by the transition which could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations. For example, additional legal and/or regulatory measures imposing limitation on GHG emissions or efficiency improvements, may results in potential litigation, operation restriction and significant compliance cost.

PUBLIC HEALTH EMERGENCY

Although COVID-19 no longer constitutes a public health emergency of international concern, the repercussions of the pandemic continue to affect different economics around the world, including the places of businesses in which the Group operates. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it could have an adverse impact on the operations of the Group and its results of operations might suffer. The potential impact on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments.

NATURAL DISASTERS

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, storms, drought, bushfires, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, storms, drought, bushfires, extreme weather or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

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

The UK left the European Union ("EU") on 31st January, 2020. The Trade and Cooperation Agreement made between the UK and the EU in December 2020 came into force in January 2021. It sets out preferential arrangements in various aspects such as trade, security, areas on ongoing collaboration/cooperation and governance. Brexit has created significant uncertainty about the new economic and social partnership between the UK and the EU, and has impacted trade intensity, labour availability, supply chain and exchange rates.

SOCIAL INCIDENTS, TERRORIST THREATS AND GEOPOLITICAL TENSIONS

The Group is a diversified infrastructure investment company with businesses presently in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. In recent years, a series of social incidents, terrorist activities and geopolitical tensions occurred across the globe that resulted in economic losses, multiple deaths, casualties, persistent supply chain disruptions and volatility in commodity markets. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threats or geopolitical tensions, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

PROJECT PROFILES

INVESTMENT IN

POWER ASSETS

POWER ASSETS

HONG KONG

Power Assets Holdings Limited is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution; renewable energy; gas distribution and energy-from-waste

HK OPERATIONS

Business
Owns 33.37% HKEI which supplies electricity to Hong Kong Island and Lamma Island

Installed capacity
3,403 MW

Consumer coverage
More than 580,000 customers

OPERATIONS OUTSIDE HK

Business
Established a strong global presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, the United States, Canada, Thailand and the Netherlands, bringing sustainable energy and lighting up the lives of millions around the world

CKI's ownership
36.01%

INFRASTRUCTURE INVESTMENTS IN

UNITED KINGDOM

UK POWER NETWORKS

THE UNITED KINGDOM

Business
One of the UK's largest power distributors comprises three regional networks with a distribution area that covers London, the south east and east of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites

Electricity distribution network length
Approximately 190,000 km

Consumer coverage
Approximately 8.5 million customers

CKI's ownership
40%
(another 40% held by Power Assets)

NORTHUMBRIAN WATER

THE UNITED KINGDOM

Business
One of the ten regulated water and sewerage companies in England and Wales. It supplies water and sewerage services in the north east of England and supplies water services to the south east of England

Length of mains/sewers
Water mains – Approximately 26,000 km
Sewers – Approximately 30,000 km
Water treatment works – 50
Sewage treatment works – 412
Water service reservoirs – 304

Consumer coverage
Serves a total population of 4.5 million

CKI's ownership
30%

Additional economic benefits
CKI 9%; Power Assets 6%

INFRASTRUCTURE INVESTMENTS IN

UNITED KINGDOM (CONT'D)

NORTHERN GAS NETWORKS
THE UNITED KINGDOM

Business
One of the eight major gas distribution networks in the United Kingdom

Natural gas distribution network length
Approximately 37,000 km

Consumer coverage
Serves a total population of around 6.7 million

CKI's ownership
47.1%
(another 41.3% held by Power Assets)

WALES & WEST GAS NETWORKS
THE UNITED KINGDOM

Business
A gas distribution network that serves Wales and the south west of England

Natural gas distribution network length
Over 35,000 km

Consumer coverage
Serves a total population of 7.5 million

CKI's ownership
39%
(another 36% held by Power Assets)

Additional economic benefits
CKI 9%; Power Assets 6%

SEABANK POWER
BRISTOL, THE UNITED KINGDOM

Business
Owns and operates Seabank Power Station near Bristol. The electricity is sold under a long-term contract to a single customer

Generation capacity
Approximately 1,140 MW

CKI's ownership
25%
(another 25% held by Power Assets)

UK RAILS (EVERSHOLT)
THE UNITED KINGDOM

Business
One of the three major rolling stock leasing companies in the United Kingdom. It leases a diverse range of rolling stock on long term contracts

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA

SA POWER NETWORKS
SOUTH AUSTRALIA, AUSTRALIA

Business
Primary electricity distribution business for the state of South Australia

Electricity distribution network length
Approximately 90,000 km

Consumer coverage
More than 900,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

POWERCOR
VICTORIA, AUSTRALIA

Business
Operates a major electricity distribution network, covering an area of 150,000 sq km in the state of Victoria

Electricity distribution network length
Approximately 77,000 km

Consumer coverage
Around 930,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

CITIPOWER
VICTORIA, AUSTRALIA

Business
Operates the electricity distribution network in the CBD and inner suburban areas of Melbourne, Victoria

Electricity distribution network length
Approximately 4,600 km

Consumer coverage
Around 340,000 customers

CKI's ownership
23.07%
(another 27.93% held by Power Assets)

UNITED ENERGY
AUSTRALIA

Business
Operates a major electricity distribution network in the state of Victoria

Electricity distribution network length
Approximately 13,000 km

Consumer Coverage
More than 715,000 customers

CKI's ownership
26.4%
(another 13.2% held by Power Assets)

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA (CONT'D)

AUSTRALIAN GAS NETWORKS

AUSTRALIA

Business
One of Australia's largest distributors of natural gas

Natural gas distribution network length
Approximately 27,000 km

Consumer coverage
Approximately 1.4 million customers

CKI's ownership
Approximately 45%
(another 27.5% held by Power Assets)

Additional economic benefits
CKI 8.25%; Power Assets 5.5%

DAMPIER BUNBURY PIPELINE

AUSTRALIA

Business
Natural gas transmission pipeline connecting the Carnarvon/Browse Basins with Perth

Natural gas pipeline length
About 4,100 km

CKI's ownership
40%
(another 20% held by Power Assets)

MULTINET GAS NETWORKS

AUSTRALIA

Business
Operates a gas distribution network in the state of Victoria

Natural gas distribution network length
Approximately 10,000 km

Consumer coverage
Approximately 720,000 customers

CKI's ownership
40%
(another 20% held by Power Assets)

ENERGY DEVELOPMENTS (EDL)

AUSTRALIA

Business
Owns and operates a portfolio of power generation facilities in Australia, North America and Europe, specialising in producing electricity from safe, clean, low greenhouse gas emissions sources such as wind and solar, or landfill gas and waste coal mine gas

Generation capacity
Around 1,000 MW

CKI's ownership
40%
(another 20% held by Power Assets)

INFRASTRUCTURE INVESTMENTS IN

AUSTRALIA (CONT'D)

AUSTRALIAN ENERGY OPERATIONS

VICTORIA, AUSTRALIA

Business
Owns and operates electricity transmission assets and terminal stations, specialised in the connection of renewable energy generators to Victoria's power grid

Electricity transmission network length
100 km

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

INFRASTRUCTURE INVESTMENTS IN

NEW ZEALAND

WELLINGTON ELECTRICITY

WELLINGTON, NEW ZEALAND

Business
Operates the electricity distribution network in New Zealand's capital city, Wellington, and the surrounding greater Wellington area

Electricity distribution network length
About 4,800 km

Consumer coverage
More than 170,000 customers

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

ENVIRO NZ

NEW ZEALAND

Business
A diversified, vertically integrated waste management business that has national coverage in New Zealand

Facilities
A network of collection facilities at 18 locations nationwide, 26 transfer stations, eight landfills and a fleet of over 588 vehicles

Consumer coverage
More than 500,000 commercial and residential customers

CKI's ownership
100%

INFRASTRUCTURE INVESTMENTS IN

CONTINENTAL EUROPE

ISTA
GERMANY

Business
A leading international provider of sub-metering and related services with strong market positions in European countries such as Germany, France, Denmark and the Netherlands

Consumer coverage
Covering over 14 million homes

CKI's ownership
35%

DUTCH ENVIRO ENERGY (AVR)
THE NETHERLANDS

Business
Owns the largest energy-from-waste player in the Netherlands, AVR, which operates five waste treatment plants in Rozenburg and Duiven; as well as four transfer stations

Capacity (Plants, normalised)
Energy from Waste –
2,300 kilotonnes per year
Biomass Energy – 150 kilotonnes per year
Liquid Waste – 280 kilotonnes per year
Paper Residue Incineration –
160 kilotonnes per year

Capacity (transfer stations)
1,000 kilotonnes per year

CKI's ownership
35%
(another 20% held by Power Assets)

Additional economic benefits
CKI 10.5%; Power Assets 7%

INFRASTRUCTURE INVESTMENTS IN

CANADA

RELIANCE HOME COMFORT
CANADA

Business
Principally engaged in the home and commercial services sector providing the sale and rental of water heaters, HVAC equipment, water purification, plumbing, electrical, comfort protection plans and other services to homeowners primarily in Ontario, Canada

Consumer coverage
Over 2 million customers

CKI's ownership
25%

INFRASTRUCTURE INVESTMENTS IN

CANADA (CONT'D)

CANADIAN MIDSTREAM ASSETS
CANADA

Business
This business comprises oil pipelines, storage facilities and ancillary infrastructure assets in Canada

Length of oil pipeline
Approximately 2,300 km

Storage facilities
2

CKI's ownership
16.25%
(another 48.75% held by Power Assets)

CANADIAN POWER
CANADA

Business
Owns 49.99% share of TransAlta Cogeneration, L.P. which operates four power plants in the provinces of Ontario and Alberta; 100% of the Meridian Cogeneration Plant Okanagan Wind in Saskatchewan; and 100% of Okanagan Wind in British Columbia

Generation capacity
Five power plants and two wind farms with total gross capacity of 1,314 MW

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

PARK'N FLY
CANADA

Business
The leading off-airport car park provider in Canada and the only national operator. The company provides parking facilities in Vancouver, Edmonton, Winnipeg, Toronto, Ottawa, Montreal and Halifax

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA

SHEN-SHAN HIGHWAY (EASTERN SECTION)
GUANGDONG, CHINA

Location
Lufeng/Shantou, Guangdong Province

Road type
Expressway

Length
140 km

No. of lanes
Dual two-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$2,619 million

CKI's investment
HK$877 million

CKI's interest in JV
33.5%

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA (CONT'D)

SHANTOU BAY BRIDGE
GUANGDONG, CHINA

Location
Shantou, Guangdong Province

Road type
Bridge

Length
6 km

No. of lanes
Dual three-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$665 million

CKI's investment
HK$200 million

CKI's interest in JV
30%

PANYU BEIDOU BRIDGE
GUANGDONG, CHINA

Location
Panyu, Guangdong Province

Road type
Bridge

Length
3 km

No. of lanes
Dual three-lane

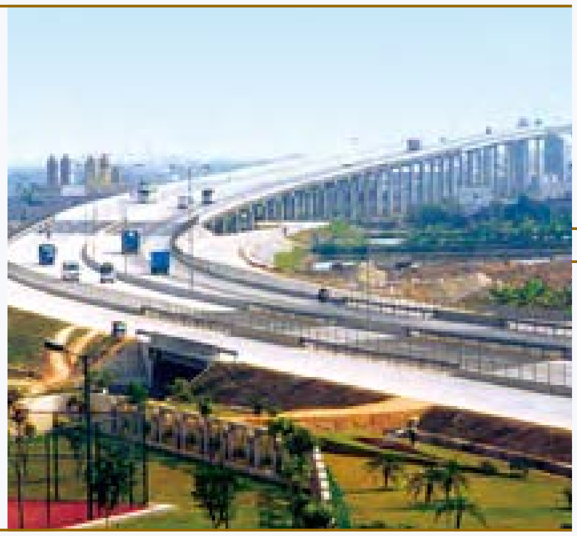
Joint venture contract date
1999

Joint venture expiry date
2024

Total project cost
HK$164 million

CKI's investment
HK$66 million

CKI's interest in JV
40%



ALLIANCE CONSTRUCTION MATERIALS
HONG KONG

CONCRETE DIVISION

Business
Hong Kong's largest concrete producer

Total capacity
4 million cubic meters per year

CKI's ownership
50%

QUARRY DIVISION

Business
1 quarry in south central Guangdong Province, China, with exclusive distribution rights for the sales of aggregate products in Hong Kong.

Total capacity (aggregates)
7 million tonnes per year

CKI's ownership
50%

INFRASTRUCTURE INVESTMENTS IN

HONG KONG AND MAINLAND CHINA (CONT'D)

GREEN ISLAND CEMENT
HONG KONG

Business
The only fully integrated cement producer in Hong Kong

Total capacity
Clinker – 1.5 million tonnes per year
Cement grinding – 2.5 million tonnes per year

CKI's ownership
100%

GREEN ISLAND CEMENT (YUNFU)
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 2 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
100%

GUANGDONG GITIC GREEN ISLAND CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 1 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
67%

YUNFU XIANGLI CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement Production
Jetty

Total capacity
Cement grinding – 1 million tonnes per year
Jetty – Three berths with an annual throughput capacity reaching 3 million tonnes

CKI's ownership
100%

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)
CHEN Tsien Hua

Independent Non-executive Directors

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
LAN Hong Tsung, David
Paul Joseph TIGHE

Alternate Directors

MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

CHEONG Ying Chew, Henry (Chairman)
LI Tzar Kuoi, Victor
SNG Sow-mei alias POON Sow Mei

NOMINATION COMMITTEE

KWOK Eva Lee (Chairperson)
LI Tzar Kuoi, Victor
CHEONG Ying Chew, Henry

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
Paul Joseph TIGHE
LAN Hong Tsung, David
Eirene YEUNG

EXECUTIVE COMMITTEE

LI Tzar Kuoi, Victor (Chairman)
KAM Hing Lam
IP Tak Chuen, Edmond
Andrew John HUNTER
CHAN Loi Shun
CHEN Tsien Hua
CHAN Kee Ham, Ivan
LUN Pak Lam
LUK Sai Hong, Victor
TONG BARNES Wai Che, Wendy
Duncan Nicholas MACRAE
CHIU Yue Seng

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Barclays Bank PLC
BNP Paribas
Canadian Imperial Bank of Commerce
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
National Australia Bank Limited
The Bank of Nova Scotia
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House,
41 Cedar Avenue,
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODES

Stock Exchange of Hong Kong: 1038
Bloomberg: 1038 HK
Reuters: 1038.HK

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

For further information about CK Infrastructure Holdings Limited, please contact:

Ivan CHAN

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Telephone: (852) 2122 3986
Facsimile: (852) 2501 4550
Email: contact@cki.com.hk

KEY DATES

Annual Results Announcement	20th March, 2024
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	17th May, 2024 to 22nd May, 2024 *(both days inclusive)*
Annual General Meeting	22nd May, 2024
Record Date (for determination of shareholders who qualify for the Final Dividend)	28th May, 2024
Payment of Final Dividend	12th June, 2024

This annual report 2023 (“Annual Report”), which is available in both English and Chinese versions, has been published on the Company’s website (https://www.cki.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (https://www.hkexnews.hk) with notice of availability distributed to shareholders by email (if shareholders have provided a valid email address) or by post (if shareholders have not provided an email address or the email address is invalid).

If a shareholder wishes to receive the Company’s corporate communications (including but not limited to the Annual Report) from the Company in printed form, please follow the instructions set out in the “Dissemination of Corporate Communications” under the “Investor Information” section of the Company’s website, to complete the relevant Request Form and return the completed form to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited.

Any such request from a shareholder will cease to be valid after one year, or such shorter period if the original request is revoked in writing, or superseded by a subsequent written request, by such shareholder, prior to the expiry date of the original request. A shareholder wishing to continue to receive corporate communications in printed form after expiry of the original request must complete and return a fresh Request Form.

Shareholders may at any time choose to change their choice as to the language of the Company’s corporate communications (including but not limited to the Annual Report) by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrar by email to cki.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

If a shareholder wishes to receive actionable corporate communications by email, please follow the relevant instructions set out in the “Dissemination of Corporate Communications” under the “Investor Information” section of the Company’s website, to complete the relevant Request Form and return the completed form to the Company’s Branch Share Registrar, Computershare Hong Kong Investor Services Limited.

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