Annual Report 2015

CKI

GLOBAL INFRASTRUCTURE PLAYER

CHEUNG KONG 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 company has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy and Infrastructure Related Business, and operates in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada.

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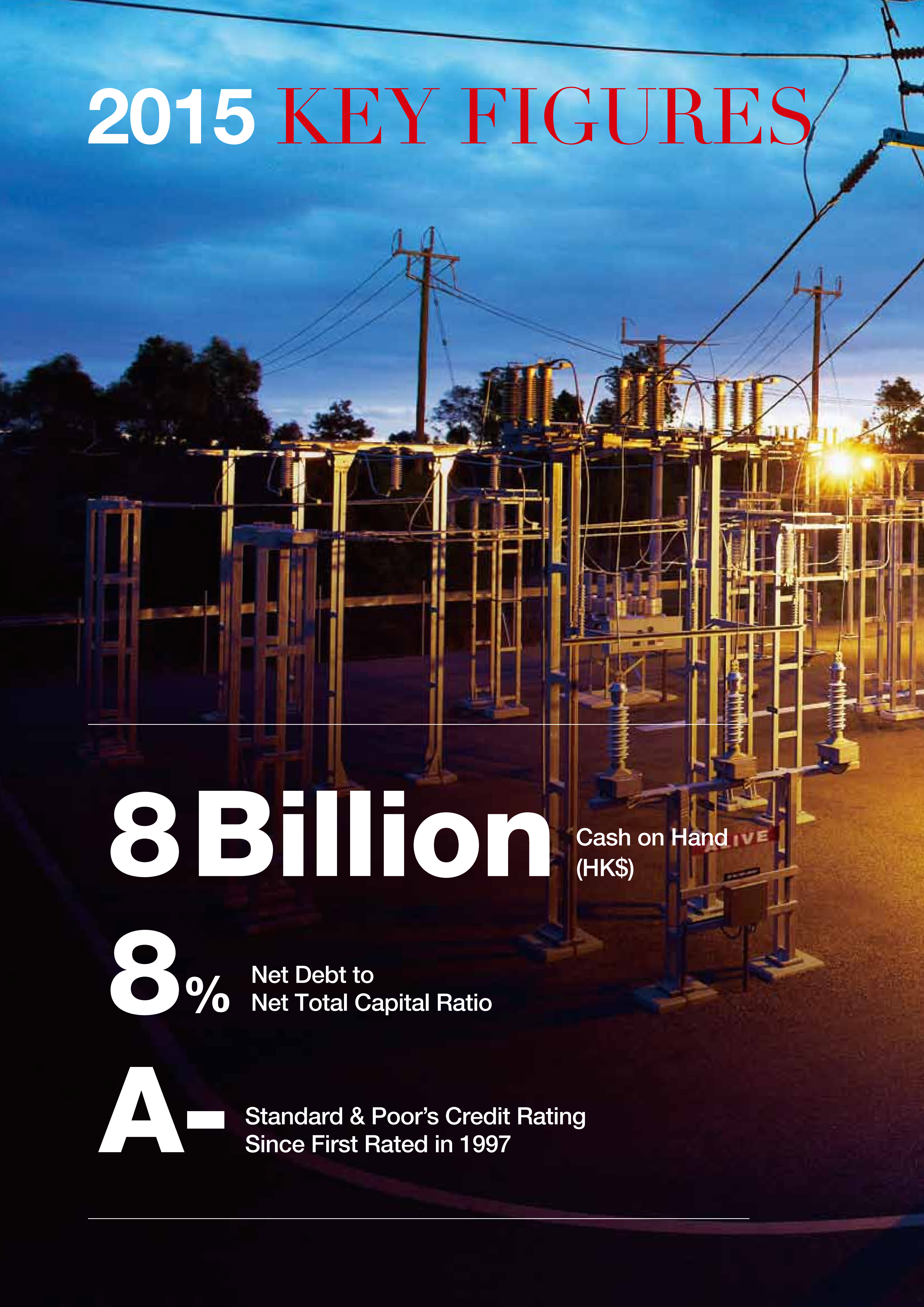
11,162 Profit Attributable to Shareholders (HK$ million)

2015 KEY FIGURES

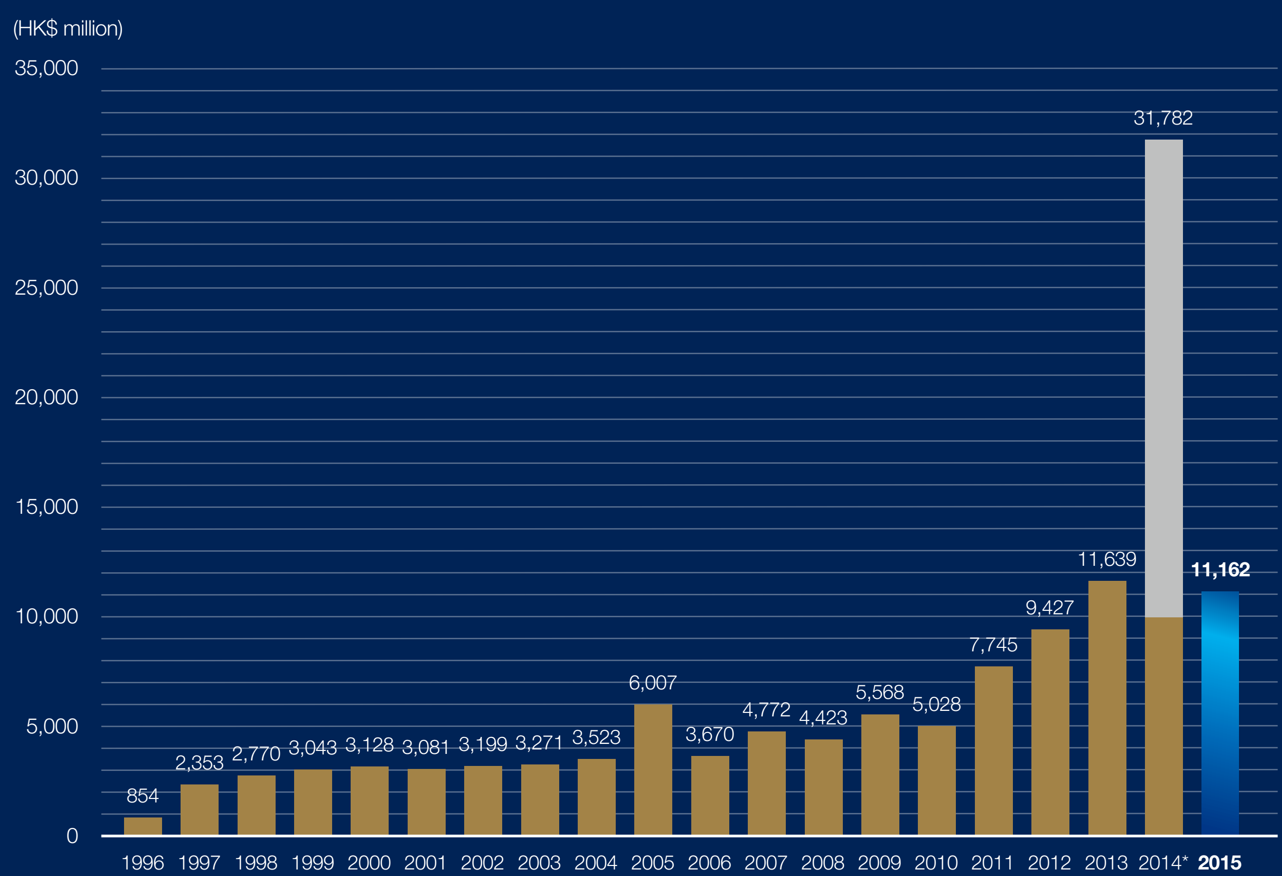


8 Billion Cash on Hand (HK$)

8% Net Debt to Net Total Capital Ratio

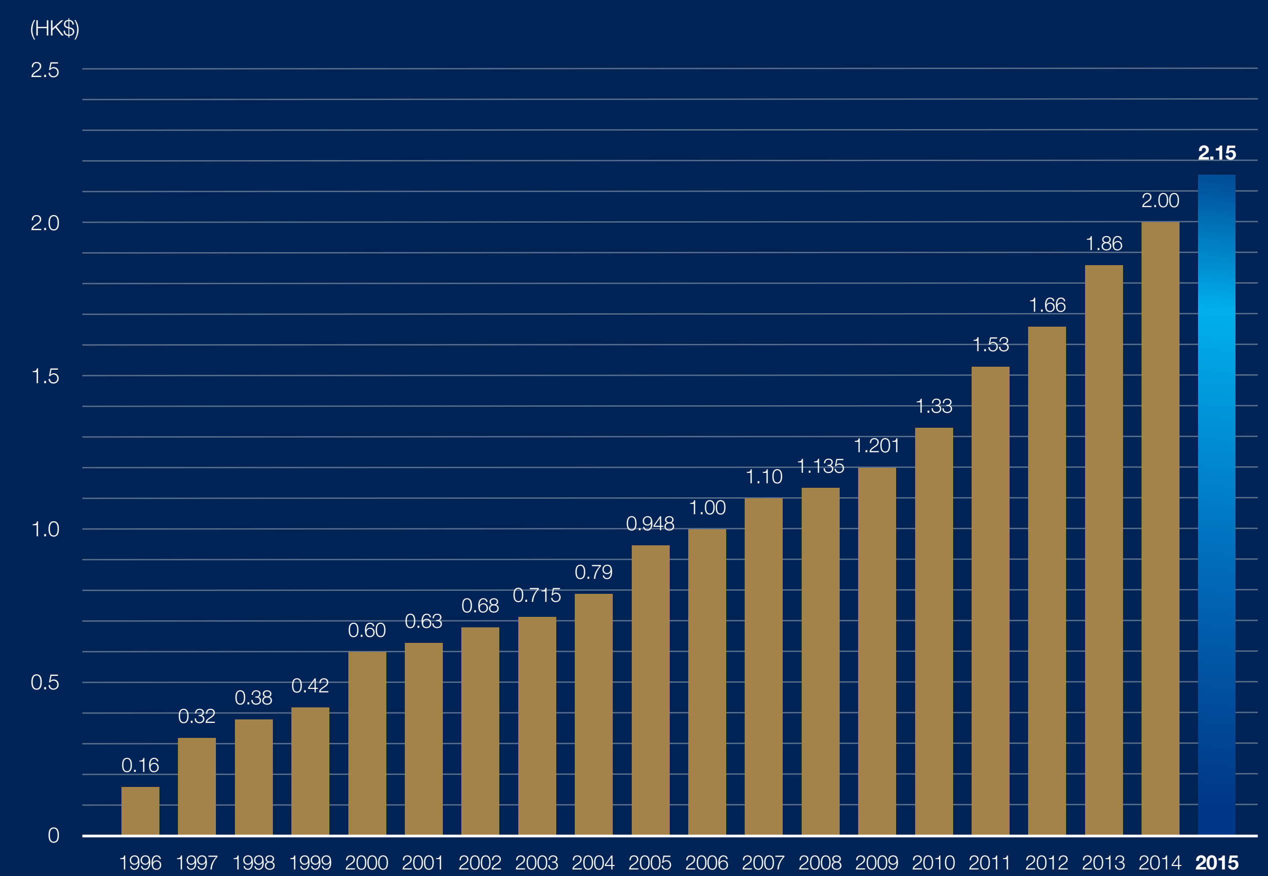
A- Standard & Poor's Credit Rating Since First Rated in 1997

PROFIT ATTRIBUTABLE TO SHAREHOLDERS SINCE LISTING



* 2014 profit attributable to shareholders included approximately HK$19.6 billion share of one-off gain arising from the spin-off of the Hong Kong electricity business of Power Assets and approximately HK$2.2 billion gain on privatisation of Envestra (in grey colour)

19 YEARS OF CONTINUOUS DIVIDEND GROWTH SINCE LISTING



THE BUSINESS

Infrastructure Investment in
UNITED KINGDOM

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

Infrastructure Investment in
AUSTRALIA

- SA Power Networks
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- Australian Gas Networks
- Transmission Operations Australia
- Spark Infrastructure

Infrastructure Investment in
MAINLAND CHINA

- Shen-Shan Highway (Eastern Section)
- Shantou Bay Bridge
- Tangshan Tangle Road
- Changsha Wujialing and Wuyilu Bridges
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Investment in
INFRASTRUCTURE RELATED BUSINESS

- Alliance Construction Materials
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Infrastructure Investment in
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Infrastructure Investment in
NEW ZEALAND

- Wellington Electricity
- EnviroNZ

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POWER ASSETS

- Power Assets

Infrastructure Investment in
CANADA

- Canadian Power
- Park'N Fly

THE PEOPLE

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary

for the year ended 31st December

HK$ million	**2015**	2014	2013	2012	2011	2010	2009	2008	2007	2006
Profit attributable to shareholders	**11,162**	31,782	11,639	9,427	7,745	5,028	5,568	4,423	4,772	3,670
Dividends										
Interim dividend paid	**1,512**	1,281	1,220	976	854	744	724	670	609	564
Proposed final dividend	**3,905**	3,716	3,318	3,074	2,724	2,254	1,983	1,889	1,871	1,690
	5,417	4,997	4,538	4,050	3,578	2,998	2,707	2,559	2,480	2,254

Consolidated Statement of Financial Position Summary

as at 31st December

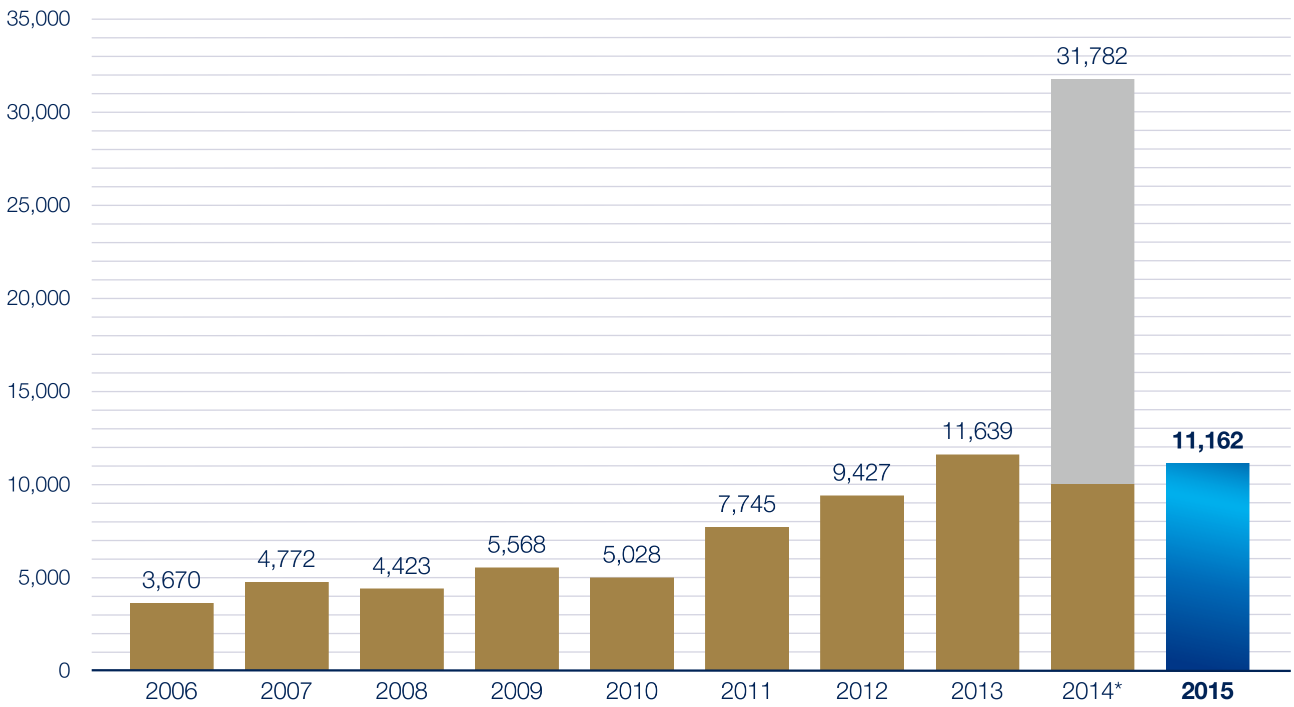
HK$ million	**2015**	2014	2013	2012	2011	2010	2009	2008	2007	2006
Property, plant and equipment	**2,379**	2,452	2,408	1,477	845	1,276	1,320	1,185	1,413	1,292
Investment properties	**334**	305	268	238	206	186	174	164	160	130
Interests in associates	**54,004**	54,135	34,583	32,737	30,220	29,797	26,859	24,456	26,856	25,978
Interests in joint ventures	**60,988**	52,999	46,244	39,678	33,226	21,483	7,003	7,972	6,709	7,642
Interests in infrastructure project investments	**–**	–	–	–	–	–	–	477	377	490
Investments in securities	**1,985**	3,889	4,599	6,199	5,197	4,824	4,459	2,597	4,187	3,064
Derivative financial instruments	**571**	86	42	–	158	209	–	624	55	38
Goodwill and intangible assets	**2,525**	2,877	2,966	–	–	151	158	143	209	205
Pledged bank deposit	**–**	–	–	–	–	–	–	1,113	–	–
Deferred tax assets	**21**	15	20	22	15	9	7	11	5	–
Other non-current assets	**17**	–	–	–	–	29	1	–	19	13
Current assets	**9,278**	9,312	8,778	8,191	6,956	6,296	11,798	6,267	9,452	8,770
Total assets	**132,102**	126,070	99,908	88,542	76,823	64,260	51,779	45,009	49,442	47,622
Current liabilities	**(3,681)**	(6,571)	(5,040)	(3,291)	(13,527)	(3,058)	(3,172)	(2,887)	(4,802)	(5,648)
Non-current liabilities	**(17,862)**	(17,753)	(14,270)	(11,870)	(3,524)	(7,515)	(6,320)	(5,392)	(5,183)	(6,109)
Total liabilities	**(21,543)**	(24,324)	(19,310)	(15,161)	(17,051)	(10,573)	(9,492)	(8,279)	(9,985)	(11,757)
Perpetual capital securities	**(7,933)**	(7,933)	(10,329)	(10,329)	(7,933)	(7,933)	–	–	–	–
Non-controlling interests	**(55)**	(77)	(84)	(89)	(95)	(81)	(72)	(55)	(48)	(41)
Equity attributable to shareholders	**102,571**	93,736	70,185	62,963	51,744	45,673	42,215	36,675	39,409	35,824

Per Share Data

HK$	**2015**	2014	2013	2012	2011	2010	2009	2008	2007	2006
Earnings per share	**4.44**	13.03	4.77	3.93	3.38	2.23	2.47	1.96	2.12	1.63
Dividends per share	**2.150**	2.000	1.860	1.660	1.530	1.330	1.201	1.135	1.100	1.000
Shareholders' equity – net book value per share	**40.71**	38.42	28.77	25.81	22.13	20.26	18.73	16.27	17.48	15.89

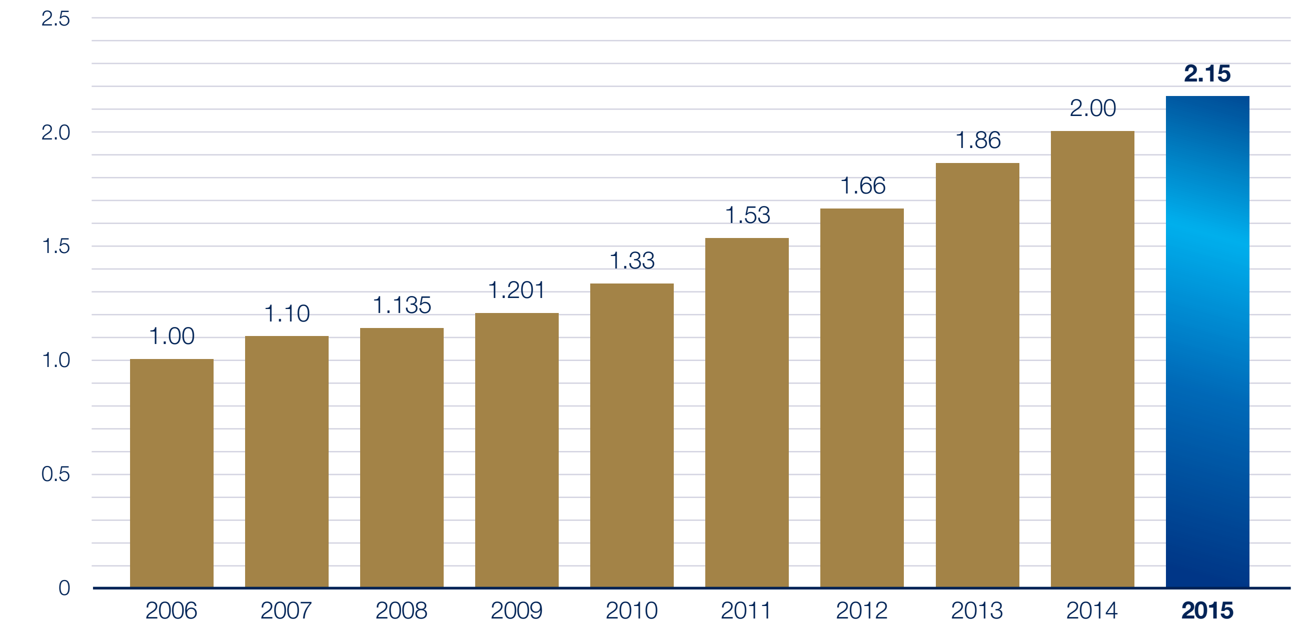
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



* 2014 profit attributable to shareholders included approximately HK$19.6 billion share of one-off gain arising from the spin-off of the Hong Kong electricity business of Power Assets and approximately HK$2.2 billion gain on privatisation of Envestra (in grey colour)

LI TZAR KUOI, VICTOR
Chairman

BUSINESS MOMENTUM CONTINUES

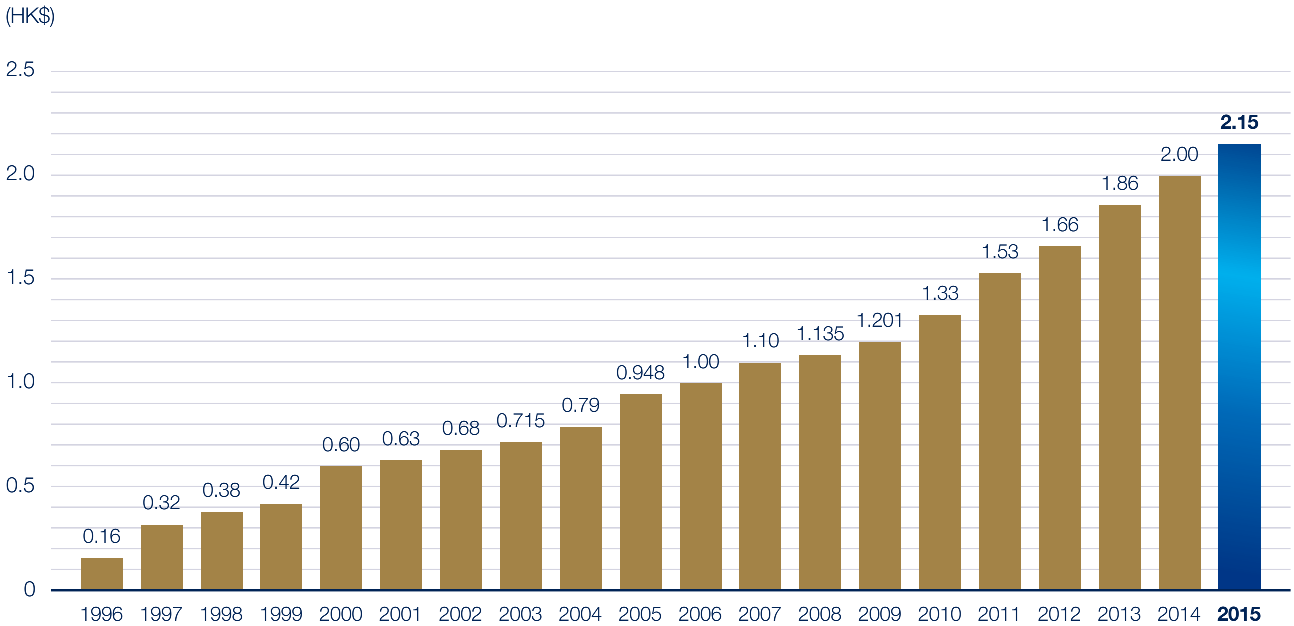
For the year ended 31st December, 2015, Cheung Kong Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") recorded profit attributable to shareholders of HK$11,162 million. A number of one-off items were recorded in 2014, including the gain from the spin-off of the Hong Kong operations of Power Assets Holdings Limited ("Power Assets") and the gain from the disposal of Envestra shares, and as a result the reported profit for 2015 is a year-on-year reduction of 65%. If the impact of these two one-off items were excluded, the net profit would have increased by approximately 12%.

DIVIDEND GROWTH FOR 19 CONSECUTIVE YEARS SINCE LISTING

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.55 per share. Together with the interim dividend of HK$0.6 per share, this will bring the total dividend for the year to HK$2.15, a 7.5% increase over the previous year.

This marks another year of dividend growth – the 19th consecutive year of dividend growth since the Group's listing in 1996. The proposed dividend will be paid on Tuesday, 31st May, 2016, following approval at the 2016 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at close of business on Wednesday, 18th May, 2016.

Dividends per Share since Listing



ACQUISITIONS PROPEL BUSINESS GROWTH

During the year under review, two acquisitions were made.

The Group formed a 50/50 joint venture with CK Hutchison Holdings Limited – UK Rails – to acquire Eversholt Rail Group, one of the three major rolling stock companies in the United Kingdom. The transaction was completed in April 2015. The enterprise value of the transaction was GBP2.5 billion (approximately HK$29.3 billion). This marks the Group's first foray into the United Kingdom's transportation infrastructure industry.

In the fourth quarter of 2015, CKI expanded its geographical reach to Portugal. The Group formed Portugal Renewable Energy with Power Assets on a 50/50 basis to acquire Iberwind – Desenvolvimento e Projectos, S.A., a wind power company in Portugal. The enterprise value of the transaction was Euro978 million (approximately HK$8.2 billion). The Iberwind business consists of high quality windfarms, which benefit from a strong and supportive regulatory regime in Portugal.

STABLE FUNDAMENTALS UNDERPIN DIVERSE INFRASTRUCTURE PORTFOLIO

In 2015, all business portfolios generated increased contributions to CKI in their local currencies. However, the reported results were impacted to varying degrees when translated into Hong Kong dollars due to the relative strength of the currency.

Power Assets

The profit contribution from Power Assets was HK$3,005 million for the year. As a result of the one-off gain booked from the spin-off of HK Electric Investments in 2014 and the accounting losses incurred from the sale of HK Electric Investments' shares in June 2015, this year's contribution represents a decline of 87% as compared to 2014. Excluding the impact of these items, the profit contribution from Power Assets would have shown a small improvement over 2014.

During the year, Power Assets formed Portugal Renewable Energy with CKI and acquired Iberwind in Portugal, expanding the company's business in renewable energy.

In September, CKI presented a merger proposal to Power Assets to create a large infrastructure company of approximately HK$250 billion market capitalisation. Disappointingly, this proposal was not approved by the required number of independent shareholders of Power Assets though over 50% voted in favour of the scheme.

UK Portfolio

The infrastructure portfolio in the United Kingdom continued to generate good returns. Profit contributions amounted to HK$6,765 million, an increase of 9% over last year. In local currency terms, the portfolio reported a 17% increase in profit contribution year-on-year.

In 2015, a tax credit of approximately HK$968 million was included in the profit contribution as a result of further reductions in the United Kingdom corporate tax rate.

With both UK Power Networks and Northumbrian Water commencing new regulatory resets on 1st April, 2015, all four CKI's regulated businesses in the United Kingdom are now operating at the early years of their regulatory regimes. As such there is high predictability of income in the coming years.

All operations in the UK portfolio recorded good performance, as illustrated by the number of accolades they have all won in 2015 for their accomplishments. The most notable is UK Power Networks' being named "Utility of the Year" for the second time, having previously won this award in 2012.

The newly acquired UK Rails delivered 8½ months of profit contribution in 2015. In addition to generating the expected cash flow and recurring income, two expansion initiatives were launched since the acquisition – one involving a GBP360 million (approximately HK$4.3 billion) procure and lease contract for 173 new vehicles, and another a GBP490 million (approximately HK$5.5 billion) one for 281 new vehicles.

Australian Businesses

Profit contribution from CKI's Australian businesses was HK$1,144 million, a drop of 67% as compared to the previous year. This is mainly due to the one-off gain reported from the Australian Gas Networks transaction in 2014 as well as the weakened Australian dollar. Excluding the Australian Gas Networks' one-off gain, the businesses recorded a 12% year-on-year increase in local currency.

Operational performance for SA Power Networks, Victoria Power Networks and Australian Gas Networks were in line with expectations during the year.

SA Power Networks and Victoria Power Networks commenced new regulatory resets on 1st July, 2015 and 1st January, 2016 respectively. These new regulatory regimes are expected to provide a stable and predictable framework in the coming years.

In 2015, Australian Gas Networks provided the first full year of profit contribution to the Group; the results of which are pleasing.

Other Infrastructure Businesses

CKI's other infrastructure businesses – including those in Mainland China, Canada, New Zealand, the Netherlands and Portugal, as well as the Group's materials businesses – performed satisfactorily during the year and generated steady returns.

A 21% increase in profit contribution was recorded in the Mainland China portfolio. This is mainly attributable to the gain generated from the divestment of the Jiangmen Jiangsha Highway.

In New Zealand and Canada, growth in profit contributions was affected by the weak currency exchange rates. The portfolios recorded a year-on-year decrease of 12% and 1.4% respectively. In local currency terms, the portfolio in New Zealand recorded an increase of 5%, and the Canadian portfolio a growth of 14% in profit contributions.

In Continental Europe, Dutch Enviro Energy, generated an 11% year-on-year increase in profit contribution in Hong Kong dollars, and 28% in local currency. In addition, Portugal Renewable Energy made its first contribution to the Group during the period under review.

The materials businesses achieved sound results recording profit growth of 11%. During the year, there was an increase in the demand for concrete in Hong Kong.

STRONG FINANCIAL PLATFORM

As CKI continues to grow its global portfolio of infrastructure businesses and expand into new industries, the Group is committed to maintaining its strong financial position.

As at 31st December, 2015, the Group had cash on hand of HK$8 billion and a net debt to net total capital ratio of 8%. CKI is in a strong position to make more acquisitions.

Standard & Poor's continues to rate the Group "A-/Stable".

SUBSEQUENT EVENTS

On 1st March, 2016, CKI issued US$1.2 billion 5.875% guaranteed perpetual capital securities. The proceeds are used for general corporate purposes, including the funding of the redemption of the US$1 billion 6.625% guaranteed perpetual capital securities issued in 2010.

On 25th February, 2016, Hang Seng Indexes Company Limited announced that, effective from 14th March, 2016, CKI would become a constituent stock of the Hang Seng Index.

OUTLOOK

This year marks the 20th anniversary of CKI's listing on the Hong Kong Stock Exchange. We are very pleased with the growth momentum that has taken place this past two decades. We have established a good track record of solid organic growth, opportune well-priced acquisitions, and prudent financial management.

Going forward, we will continue to build on our strong financial platform and expand in existing markets and industries as well as new ones. We see ample opportunities for continuous growth both within our existing businesses and through acquisitions.

Notwithstanding our commitment to growth, we will continue to maintain our discipline of not approaching any new investments with a "must-win" mentality. We will remain steadfast in adhering to our investment criteria.

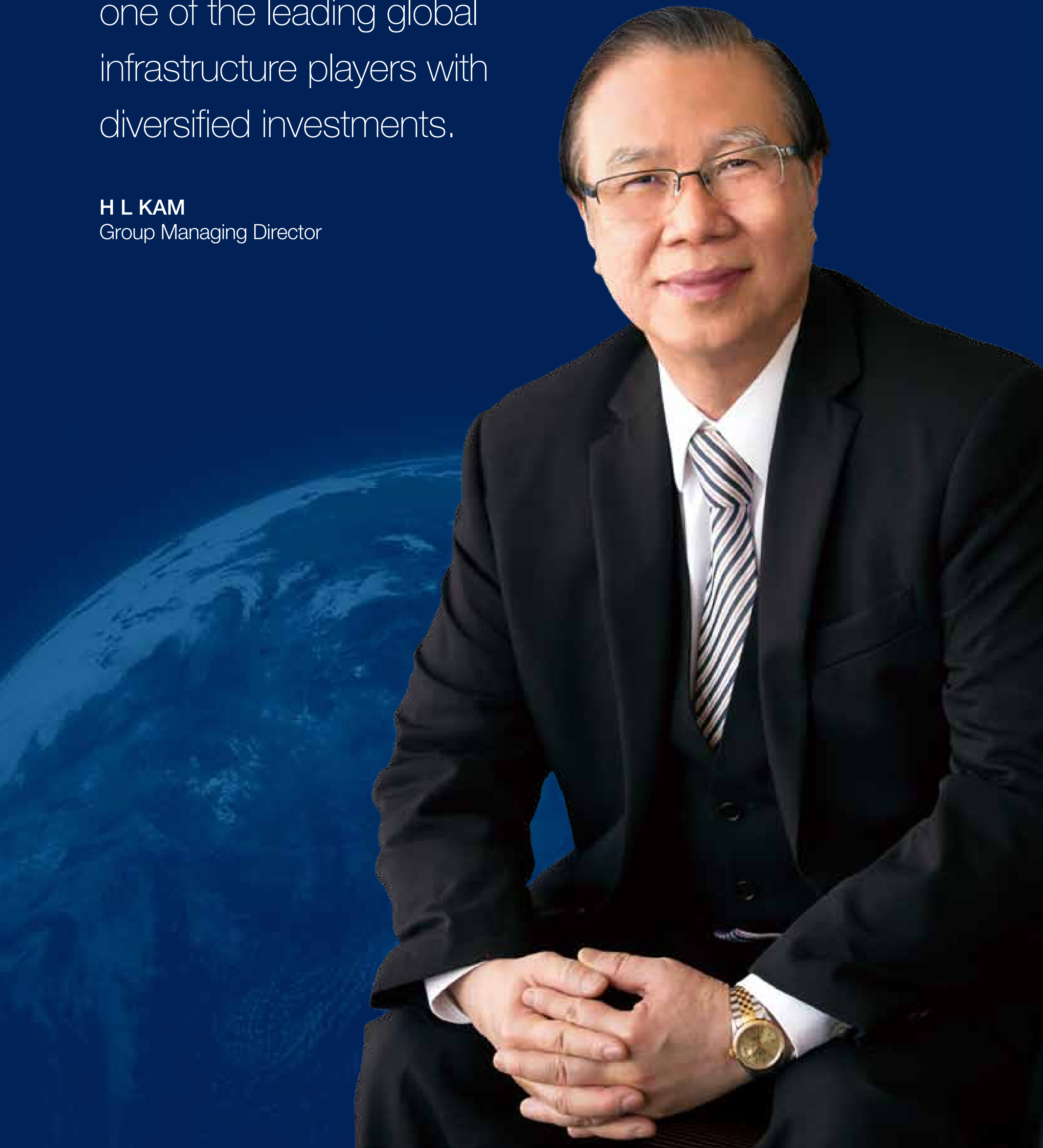
I would like to take this opportunity to thank the Board, management and staff for their continued efforts, as well as our shareholders for their support.

LI TZAR KUOI, VICTOR
Chairman

Hong Kong, 16th March, 2016

Today, CKI has become one of the leading global infrastructure players with diversified investments.

H L KAM
Group Managing Director



CELEBRATING 20 YEARS OF ACCOMPLISHMENTS

Twenty years ago, when CKI was just listed on the Stock Exchange of Hong Kong, we had a vision. Our vision was for the Group to become a global infrastructure company – one that makes the world a better place through a variety of infrastructure investments and developments in different parts of the world. Entering into 2016, we embark upon CKI's 20th year. As we celebrate the Group's re-joining the Hang Seng Index constituent stocks on 14th March, 2016, I am pleased to present this Group Managing Director's Report, dedicated to the milestones we have achieved. These milestones have formed foundations that brought CKI's vision into a reality.

THE GROWTH AND RETURNS TO SHAREHOLDERS OVER THE LAST TWO DECADES

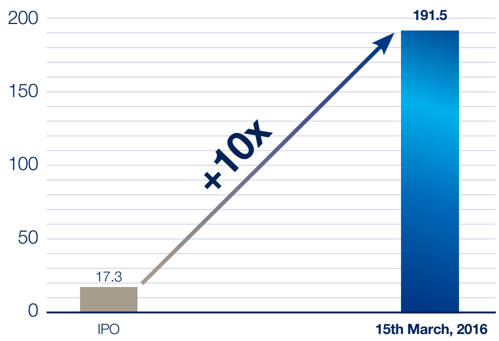
Since its listing in 1996, CKI has grown in size and scale, delivering decent and buoyant returns to shareholders through the ups and downs in the economies. Below are a few facts and figures since listing –

- In 2015, profit attributable to shareholders is HK$11,162 million, nearly 13 times that of 1996;
- Share price of CKI is at HK$76.0*, about 6 times of the IPO price;
- Market capitalisation is about HK$192 billion*, about 11 times of the market capitalisation at IPO;
- Full year dividend declared for 2015 is HK$2.15 per share, the 19th consecutive year of dividend growth since listing;
- CKI's cumulative dividends since listing is HK$20.609 per share, more than its IPO listing price of HK$12.65;
- The annualised total return to shareholders is above 13%* per annum since listing.

*As at 15th March, 2016

A Recap of CKI's 20 Years

Market Capitalisation (HK$ billion)



A DIVERSIFIED PORTFOLIO OF QUALITY ASSETS

CKI Portfolio – 1996 vs 2016

July 1996

MAINLAND CHINA

30%	Shantou Bay Bridge
30%	Shenzhen-Shantou Highway (Eastern Section)
49%	Nanhai Road Network
60%	Shantou Power Plants
30%	Nanhai Power Plant I
36.4%	Nanhai Jiangnan Power Plant
45%	Zhuhai Power Plant

INFRASTRUCTURE RELATED BUSINESS

100%	Green Island Cement
100%	Ready Mixed Concrete
100%	Anderson Asphalt

March 2016

HONG KONG

38.9%	Power Assets

MAINLAND CHINA

33.5%	Shen-Shan Highway (Eastern Section)
30%	Shantou Bay Bridge
51%	Tangshan Tangle Road
50%	Jiangmen Chaolian Bridge
40%	Panyu Beidou Bridge

INFRASTRUCTURE RELATED BUSINESS

50%	Alliance Construction Materials
100%	Green Island Cement
100%	Green Island Cement (Yunfu)
67%	Guangdong Gitic Green Island Cement

AUSTRALIA

23.1%	SA Power Networks
23.1%	Victoria Power Networks
45%	Australian Gas Networks
50%	Transmission Operations Australia
6.7%	Spark Infrastructure

NEW ZEALAND

100%	EnviroNZ
50%	Wellington Electricity

CANADA

50%	Canadian Power
50%	Park'N Fly

UNITED KINGDOM

40%	UK Power Networks
40%	Northumbrian Water
47.1%	Northern Gas Networks
30%	Wales & West Gas Networks
50%	UK Rails
25%	Seabank Power

NETHERLANDS

35%	Dutch Enviro Energy

PORTUGAL

50%	Portugal Renewable Energy

At its inception, CKI was a Greater China-focused business with a portfolio of investments in the transportation and infrastructure related businesses.

Today, CKI has become one of the leading global infrastructure players with diversified investments in electricity generation, transmission and distribution; gas distribution; water and wastewater services; waste management; waste-to-energy; transportation; and infrastructure materials. CKI's portfolio spans across Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada.

A PATH OF GLOBALISATION AND DIVERSIFICATION

CKI has embarked on a course of globalisation and diversification to reach this scale of operations today.

Achieving Success in Greater China

Our business began with a focus mainly on Hong Kong and Mainland China. When the Group was listed in 1996, our investments included toll roads, toll bridges and power plants on the Mainland, and infrastructure related businesses in cement, concrete, asphalt and aggregates in Hong Kong and Mainland China.

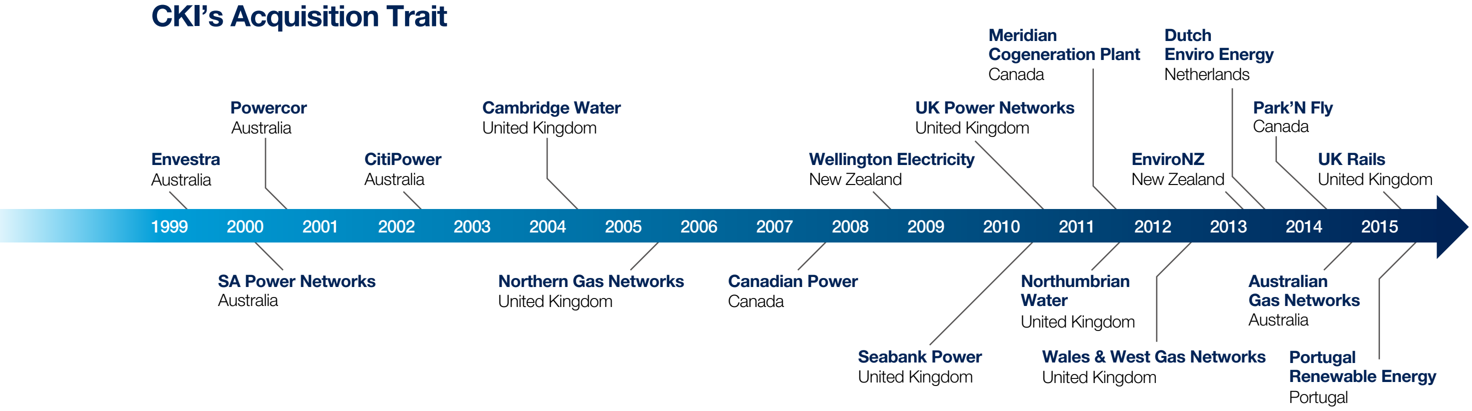
Within three years of listing, CKI's investments spanned seven provinces in Mainland China, including 700 kilometres of toll roads and 3,000 megawatt of power generation capacity. The Group had quickly become one of the major infrastructure investors in Greater China.

Partnership with Power Assets

In 1997, following a reorganisation of the Cheung Kong Group, CKI acquired a 35% stake in Hongkong Electric Holdings Limited (now renamed Power Assets Holdings Limited with CKI currently owning a 38.87% interest), the sole generator and distributor of electricity to Hong Kong Island and Lamma Island.

Since then, CKI and Power Assets have partnered together in many overseas expansion. As Power Assets' global portfolio became increasingly diverse, earnings from its overseas business began to surpass those from Hong Kong operations in 2011. In 2014, Power Assets spun off its Hong Kong electricity arm with a listing on the Stock Exchange of Hong Kong.

CKI's Acquisition Trait



CKI's First Overseas Foray – Australia

In July 1999, we took our first step to grow beyond Hong Kong and Mainland China through the A$100 million acquisition of a 19.97% stake in Envestra, one of the largest natural gas distributors in Australia. Since then, we have expanded in Australia with the following investments:

- **ETSA Utilities** (now renamed SA Power Networks) – (enterprise value at acquisition was A$3.4 billion), the primary electricity distributor for South Australia;
- **Powercor** – (enterprise value at acquisition was A$2.3 billion), the largest electricity distributor in the state of Victoria;
- **CitiPower** – (enterprise value at acquisition was A$1.4 billion), an electricity distribution network serving the central business district and inner suburban areas of Melbourne. Both Powercor and CitiPower are now amalgamated into **Victoria Power Networks**; and
- **Envestra** (now renamed Australian Gas Networks) – (enterprise value at acquisition was A$4.6 billion), one of the largest natural gas distributors in Australia. CKI consortium privatised Envestra in 2014.

Today, CKI has become one of the largest foreign investors in Australia. We service the communities as one of the biggest electricity distributors in the country, being responsible for the distribution of electricity to the entire State of South Australia, and more than half of the State of Victoria in Australia. We also service the communities as one of the major gas distributors in Australia covering four states and one territory.

Road to Become a Major Infrastructure Player in the United Kingdom

Our UK expansion story mirrors a similar growth path as that of our Australian one.

In 2004, CKI expanded its footprint into the United Kingdom with a relatively small investment in Cambridge Water. Since the Cambridge Water acquisition, the Group has continued to make progress in acquisitions over the years. Below are the major investments we have made in the United Kingdom:

- **UK Power Networks** – (enterprise value at acquisition was GBP5.8 billion), owns and manages three of the 14 regulated electricity distribution networks in the United Kingdom;
- **Northern Gas Networks** – (enterprise value at acquisition was GBP1.4 billion) and **Wales & West Gas Networks**, which owns Wales & West Utilities – (enterprise value at acquisition was GBP2.0 billion), two of the eight major gas distribution networks in Great Britain;
- **Seabank Power** – (enterprise value at acquisition was GBP212 million), a 1,140 MW gas-fired power plant near Bristol;
- **Northumbrian Water** – (enterprise value at acquisition was GBP4.8 billion), one of the ten regulated water and sewerage companies in England and Wales. (Cambridge Water was divested in the same year to enable us to meet regulatory requirements for the Northumbrian Water acquisition); and
- **UK Rails** – (enterprise value at acquisition was GBP2.5 billion), the holding company of Eversholt Rail Group, one of the three major rolling stock companies in the country. Through this investment, CKI has embarked upon its first venture into the transportation infrastructure industry in the United Kingdom.

CKI is one of the largest foreign investors in the United Kingdom today, servicing the people in different essential services across electricity, gas, water and transportation.

In 2015, over half of CKI's profit contribution came from the United Kingdom.

Globalisation and Diversification in Other Industries

In addition to the investments in the United Kingdom and Australia, we have expanded our investment portfolio into other countries.

In 2007, CKI started its investment in Canada. Currently, CKI owns:

- **Canadian Power** – (enterprise value at acquisition in 2007 was C$630 million), which has interests in six power plants that are located in the provinces of Ontario, Alberta and Saskatchewan; and
- **Park'N Fly** – (enterprise value at acquisition was C$381 million), which is the largest off-airport car park provider in Canada.

In 2008, CKI made its first investment in New Zealand. Today, the Group has two projects in the country:

- **Wellington Electricity** – (enterprise value at acquisition was NZ$785 million), the electricity distributor in Wellington, the capital city of New Zealand, and the surrounding greater Wellington area; and
- **EnviroNZ** – (enterprise value at acquisition was NZ$490 million), one of the leading waste management companies in the country.

In 2013, CKI expanded its investment portfolio to Continental Europe. Currently, CKI has investments in:

- **Dutch Enviro Energy**, which owns **AVR** – (enterprise value at acquisition was EUR940 million), the largest energy-from-waste company in the Netherlands; and
- **Portugal Renewable Energy**, which owns **Iberwind** – (enterprise value at acquisition was EUR978 million), one of the largest wind power companies in Portugal.

PROSPECTS: FORGING FORWARD IN THE INFRASTRUCTURE ARENA

In the past two decades, CKI has grown from a HK$17.3 billion market cap Hong Kong/Mainland China infrastructure company into a HK$191.5 billion market cap (as at 15th March, 2016) global infrastructure player. We now have investments in conventional energy, energy networks, renewable energy, transportation, water and waste management businesses in different parts of the world.

Going forward, we will continue with our simple and effective set of strategies for growth:

(1) Growing existing businesses organically;

(2) Acquiring new businesses with good and stable returns; and

(3) Maintaining a strong balance sheet with steady cashflow and low gearing.

With a strong, financial platform, cash on hand of HK$8 billion and a net debt to net total capital ratio of 8% as at end of 2015, CKI is well-placed to pursue expansion initiatives going forward.

Looking beyond, we believe the demand for infrastructure investments remains strong and there is a lot of opportunities for growth. We look forward to another 20 years of achievements.

H L KAM
Group Managing Director

LONG TERM DEVELOPMENT STRATEGY

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

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

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

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

CKI strives to nurture organic growth from its existing portfolio. Synergies across the Group help us to learn from experiences and implement global best practices across our businesses. CKI's head office sets target and provides guidance and works with local management to best run local assets.

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

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

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2015, CKI had cash on hand of HK$8 billion, and gearing remained low at a net debt to net total capital ratio of 8%. CKI enjoys a low cost of funding from maintaining a Standard & Poor's "A-" rating for 19 consecutive years since 1997. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

AWARDS

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

Edison Electric Institute Asian Utility Award 2015

- Gold Performance (Large Capitalization category)

Hong Kong Institute of Financial Analysts and Professional Commentators

- Outstanding Listed Company Award 2015

International ARC Awards 2015

- Gold – Cover Photo/Design (Energy Infrastructure category)
- Bronze – Traditional Annual Report (Infrastructure Company category)
- Honors – Traditional Annual Report (Energy Infrastructure category)

UK POWER NETWORKS HOLDINGS LIMITED

Utility Week Awards 2015

- Utility of the Year
- Customer Care Award
- Smart Utilities Award
- Marketing Initiative of the Year

Construction News Awards 2015

- Supply Chain Excellence of the Year

The Sunday Times

- The 25 Best Big Companies to Work For 2015

Considerate Contractor Streetworks Scheme Awards 2015

- Gold Award

Responsible Business Awards 2015

- Engagement and Wellbeing Award – Reaccreditations

Utility Week Stars Awards 2015

- Long Service Award (Ray Morris)

National Skills Academy for Power People in Power Awards 2015

- Power Safety Person of the Year (Lee Perkins)

NORTHUMBRIAN WATER GROUP LIMITED

Queen's Award for Enterprise (Sustainable Development category)

Innovation & Excellence Awards 2015

- Outstanding Commitment to Sustainable Water and Waste Services

Water Industry Achievement Awards 2015

- Sustainable Drainage & Flood Management Initiative of the Year

Utility Week Stars Awards 2015

- Hero Award (Northumbrian WaterAid Committee)

Constructing Excellence National Awards 2015

- The Legacy-Sustainability Award (The Abberton Scheme)

Constructing Excellence East of England Awards 2015

- Project of the Year (The Abberton Scheme)
- Sustainability Award (The Abberton Scheme)

Constructing Excellence in the North East Awards 2015

- Winner – Integration & Collaborative Working (Accelerated Flooding Programme)
- Winner – Health & Safety (Horsley Water Treatment Works)

Royal Society for the Prevention of Accidents Awards 2015

- Industry Sector Awards – Winner (Water Industry category)

Utilities & Telecoms Awards 2015

- Treating Customers Fairly Award – Highly Commended

Ethisphere Institute

- Honouree – World's Most Ethical Companies 2015

Institute of Internal Communication Awards 2015

- Gold Award – Best Digital Entry
- Best Video (DVD/Webcast/TV)
- Best In-house Team – Corporate (Northumbrian Internal Communication Team)
- Internal Communicator of the Year (Jane Lawrence)

HR Excellence Awards 2015

- Winner – Most Effective Internal Communications Strategy

Chartered Institute of Personnel and Development North East of England HR&D Awards 2015

- Change Management Project of the Year Award

Service Desk Institute

- Service Desk Certification – 2 Star

NORTHERN GAS NETWORKS LIMITED

UK Customer Satisfaction Awards 2015

- InMoment Customer Commitment Award
- Quality Service Provider Award

Gas Industry Awards 2015

- Gas Industry Innovation Award

North East Contact Centre Awards 2015

- Best of British Dream Team (Customer Care Team)

UK Employee Experience Awards 2015

- Winner – Employee Insight and Feedback
- Winner – Employee Engagement- People at the Heart
- Winner – Inspirational Leader or Manager (Mark Horsley)

Considerate Constructors Scheme National Site Awards 2015

- Silver Award (Victoria Place in Carlisle)
- Bronze Award (Gas holder site in Bishop Auckland)

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

Energy Innovation Centre

- Best Gas Network Improvement

Wales Quality Centre

- Wales Innovation Award

Royal Society for the Prevention of Accidents Awards 2015

- Achievement Awards (Gold Award)

Gas Industry Awards 2015

- Customer Service Award

Brownfield Briefing Awards 2015

- Winner – Best Public Participation (including use of visualization)

Wales Responsible Business Awards 2015

- Building Stronger Communities Award – Reaccreditations

Institute of Internal Communication Awards 2015

- Award of Excellence – News magazine more than four issues a year

SA POWER NETWORKS

Project Management Achievement Awards 2015

- South Australia State Winner – ICT/Telecommunications

South Australian Training Awards 2015

- Employer of the Year
- Apprentice of the Year (Jessica Wooley)

Australian Association of Graduate Employers

- Rank 1st – Top Graduate Employer 2015

VICTORIA POWER NETWORKS PTY LTD

Global Corporate Challenge

- Most Active APAC Organisation (Electricity & Gas Sector)
- Most Active Team Award

PARK'N FLY

Canadian Automobile Association

- Special Recognition Award

GREEN ISLAND CEMENT COMPANY, LIMITED

2013/2014 Hang Seng Pan Pearl River Delta Environmental Awards

- Green Medal
- 3-year+ Entrant

Hong Kong Green Awards 2015

- Green Management Award (Corporate) – Silver
- Sustained Performance

Junior Chamber International Hong Kong

- Better World Company

Hong Kong Corporate Citizenship Program

- Corporate Citizenship Logo

18 Districts Caring Employer 2015

Mandatory Provident Fund Schemes Authority

- 2014/2015 Good MPF Employer

Happy Organization Label Scheme 2015

- Happy Company

ALLIANCE CONSTRUCTION MATERIALS LIMITED

The 6th Civil Engineering and Development Department Construction Site Safety Award

- Gold Award

The 21st Considerate Contractors Site Award Scheme

- Considerate Contractors Site Awards – Merit (Public Works)
- Outstanding Environmental Management & Performance Awards – Merit (Public Works)

The 14th Hong Kong Occupational Safety & Health Award

- OSH Annual Report Award – Gold
- Safety Performance Awards – Construction
- Safety Performance Awards – Other Industries

Hong Kong Construction Association

- Proactive Safety Contractors Award
- Environmental Merit Award

Occupational Health Award 2014-2015

- Prevention of Pneumoconiosis Best Practices Award – Merit Award

Good Housekeeping Competition 2014-2015

- Good Housekeeping Award – Bronze (Other Industries category)

'CarbonSmart' Programme

- CarbonSmart Achiever Award – Good Level

Hong Kong Awards for Environmental Excellence

- Wastewi$e Label – Excellence

Carbon Care Asia

- CarbonCare Label 2015

Investment in
POWER ASSETS

Infrastructure Investment in
UNITED KINGDOM

Infrastructure Investment in
CANADA

Infrastructure Investment in
CONTINENTAL EUROPE

Infrastructure Investment in

AUSTRALIA

Infrastructure Investment in

MAINLAND CHINA

Infrastructure Investment in

NEW ZEALAND

Investment in

INFRASTRUCTURE RELATED BUSINESS

Investment in

POWER ASSETS

CKI is the major shareholder of Power Assets, with a 38.87% interest. Power Assets operates in North America, Europe, Asia, Australia and New Zealand. Its assets include 9 power generation companies and 8 transmission/distribution companies across the electricity and gas sectors.

In 2015, Power Assets reported profit attributable to shareholders of HK$7,732 million (2014: HK$61,005 million). The decrease is mainly attributable to the one-off gain of HK$52,928 million generated from the spin-off of the Hong Kong electricity business in 2014 and the loss of HK$532 million from the partial disposal of HK Electric Investments and HK Electric Investments Limited (collectively "HKEI") in 2015.

Power Assets' portfolio of investments now spans across North America, Europe, Asia, Australia and New Zealand. Operating results from all investments were in line with expectations, with solid returns generated.

In June 2015, Power Assets disposed of a 16.53% stake in HKEI to an investment holding company wholly-owned by Qatar Investment Authority for a consideration of over HK$7,681 million. Following the disposal, Power Assets holds a 33.37% stake in HKEI and continues to be its single largest shareholder.

During the period under review, HKEI continued to achieve outstanding power supply reliability, deliver excellent customer service, and reduce emissions.

With regards to the United Kingdom market, results were satisfactory amidst a landscape of slow economic recovery. The four operating companies, namely UK Power Networks, Northern Gas Networks, Wales & West Gas Networks and Seabank Power, all made progress in enhancing performance through innovation, improving efficiencies as well as promoting excellence in customer service.

In Australia, Power Assets' regulated businesses have been working with the Australian Energy Regulator to determine applicable revenues for the upcoming regulatory period. SA Power Networks has already commenced operation in the new regulatory period, while CitiPower and Powercor are in the process of setting their respective tariffs.

The performance of Dutch Enviro Energy – which owns AVR – in the Netherlands exceeded expectations and affirmed the growing potential of the energy-from-waste sector in Europe. In particular, AVR's performance was enhanced through the acquisition of new heating customers during the year and the receipt of government subsidies arising from its green waste-to-energy operations.

Operating results from all of Power Assets' investments in 2015 were in line with expectations.

In Mainland China, Power Assets' three coal power plants were affected by the slowing economy and the increased adoption of renewable energy. Work is underway to enhance emissions control to meet new stringent environmental targets. Upgrade works are being carried out at Power Assets' two wind farms in Mainland China and are poised to bring about performance improvements.

Steady and reliable income was delivered by Power Asset's investments in other international markets. Satisfactory results were attained by the power plants in Canada, consistent returns were generated by the Ratchaburi plant in Thailand, and customer base expansion was achieved by Wellington Electricity in New Zealand.

In 2015, a key acquisition was made in Portugal, expanding Power Assets portfolio in Europe. Together with CKI, Power Assets has acquired Iberwind, a major wind energy developer. With 31 wind farms and a total capacity of 684MW, Iberwind's output is governed by a regulated tariff that is supported by the Portuguese government. This acquisition is poised to be one of Power Assets' flagship assets in its renewable energy portfolio.

Infrastructure Investment in

UNITED KINGDOM

CKI has an extensive infrastructure portfolio in the United Kingdom. UK Power Networks, the Group's electricity distribution network, covers London, South East England and the East of England. Northern Gas Networks and Wales & West Gas Networks provide gas to the North and South West of England, and to Wales. Northumbrian Water supplies water and wastewater services in the North East of England and water to the South East.

In 2015, CKI and CK Hutchison Holdings Limited formed a 50/50 joint venture named UK Rails to acquire Eversholt Rail, one of the three major rolling stock companies in Great Britain.

UK Power Networks won the overall Utility of the Year Award for the second time in four years.

UK POWER NETWORKS HOLDINGS LIMITED

CKI and Power Assets each hold a 40% shareholding in UK Power Networks.

UK Power Networks owns and manages three of the 14 regulated electricity distribution networks in Great Britain. The three networks have a route length of approximately 190,000 kilometres and cover an area of about 30,000 square kilometres in London, the South East and the East of England. UK Power Networks has approximately 8.2 million customers.

In addition to the regulated business, UK Power Networks also develops and manages private networks for clients from both public and private sectors, including Heathrow, Gatwick, Stansted airports and HS1, the railway line to the Channel Tunnel.

During 2015, the business continued to deliver strong financial performance as well as improved operational performance. It provided an excellent level of energy distribution service while also recording its best ever performance in terms of safety. In addition, customer service scores under the Office of Gas and Electricity Markets (Ofgem)'s Broad Measure of Customer Service incentive scheme have improved significantly.

UK Power Networks continued with its planned programme of network investment with over GBP500 million invested in its regulated networks in 2015. This included the completion of a new GBP15 million Main Sub-station at Kingsgate House in London which will provide much needed additional capacity. The business also made good progress on its Business Transformation Programme to update the company's information technology systems and business processes.

Northumbrian Water is currently a recipient of the Queen's Award for Enterprise, one of the most prestigious accolades in the United Kingdom.

UK Power Networks was ranked in The 25 Best Big Companies to Work For by The Sunday Times for the second year running. It won the overall Utility of the Year Award at the Utility Week Awards for the second time in four years, as well as the Customer Care Award, Marketing Initiative of the Year Award, and Smart Utilities Award. The company also won the recognition for Supply Chain Excellence at the Construction News Awards.

UK Power Networks commenced a new regulatory reset on 1st April, 2015. This provides a high level of predictability of revenues for the 2015-23 price control period.

NORTHUMBRIAN WATER GROUP LIMITED

CKI holds a 40% interest in Northumbrian Water.

Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales. Its network comprises approximately 26,000 kilometres of water mains and 30,000 kilometres of sewers. Drinking water is supplied to 4.4 million people in the North East and South East of England, while wastewater is collected and treated from 1.3 million properties in the North East.

Northumbrian Water also runs a range of non-regulated businesses. It operates Kielder Reservoir, the largest man-made reservoir in Northern Europe. In addition, it has stakes in a number of companies which have long-term water and wastewater contracts in Scotland, Ireland and Gibraltar.

Northumbrian Water achieved a satisfactory operational performance in 2015, with significant progress in its key focus areas – customer, competitiveness, people, environment and communities.

Northumbrian Water's regulated business has been operating under the Water Services Regulation Authority (Ofwat)'s Final Determination for 2015-20 since 1st April, 2015. While this presents a more stringent regulatory settlement, it provides stable and predictable revenues in the medium term.

Northumbrian Water is the first and only wastewater company in England and Wales to use 100% of sewage sludge to produce renewable energy. It has won many awards in recent years in recognition of its commitment to environmental sustainability.

In 2015, Northumbrian Water was awarded a Constructing Excellence National Award, a Water Industry Achievement Award, a Utility Week Stars Award and The Royal Society for the Prevention of Accidents (RoSPA)'s Water Industry Sector Award amongst others.

The company is currently a recipient of the Queen's Award for Enterprise, one of the most prestigious accolades in the United Kingdom. Furthermore, Northumbrian Water has been included on the Ethisphere Institute's World's Most Ethical Company List for six years running. It is the only water company worldwide to receive this award.

NORTHERN GAS NETWORKS LIMITED

CKI and Power Assets jointly hold an 88.4% interest in Northern Gas Networks.

Northern Gas Networks runs one of the eight major gas distribution networks in the United Kingdom. It supplies gas to a population of 6.7 million through 36,000 kilometres of gas distribution pipeline, transporting about 13% of Great Britain's gas.

Northern Gas Networks' operational and financial performance was strong in 2015. It continued to be the most efficient of the eight gas distribution networks in Great Britain. The company's safety performance was also very good, meeting all targets set by Ofgem, the national energy regulator.

The company invested nearly GBP120 million in capital expenditure projects for network improvement and replacement, as well as information technology infrastructure. It continued to invest in a large-scale mains replacement programme to improve the reliability and safety of the network, decommissioning over 500 kilometres of old iron mains.

Northern Gas Networks was a top two performer based on Ofgem's 2014/15 survey for customer satisfaction. It won two awards at the Institute of Customer Service's UK Customer Satisfaction Awards 2015, and three awards at the UK Employee Experience Awards 2015: Employee Insight and Feedback, Employee Engagement – People at the Heart; and Inspirational Leader or Manager. The company won two awards at the Considerate Constructors Scheme National Site Awards, and it also won Best of British Dream Team at the North East Contact Centre Awards.

Northern Gas Networks is the most efficient of the eight gas distribution networks in Great Britain.

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

CKI and Power Assets each hold a 30% shareholding in Wales & West Gas Networks, the holding company of Wales & West Utilities.

Wales & West Gas Networks is one of the eight major gas distribution networks in Great Britain. It has a pipeline network of 35,000 kilometres that serves an area of 42,000 square kilometres and a population of 7.5 million in Wales and the South West of England.

Wales & West Gas Networks is the first company in the gas distribution sector worldwide to be given ISO55001 accreditation.

Wales & West Gas Networks delivered all the required regulatory measured outputs and achieved all Guaranteed Standards of Performance in 2015. It ranked as the leading gas distribution network in Great Britain for customer service and was recognised by the Institute of Customer Service with a world-class customer satisfaction rating. It won the prestigious Customer Service Award from Institution of Gas Engineers and Managers (IGEM)'s Gas Industry Awards in 2015. The company also achieved an excellent safety performance and received a RoSPA's Gold Award for excellent occupational safety. In addition, Wales & West Gas Networks was the first company in the gas distribution sector worldwide to be given ISO55001 accreditation.

The company made good progress on its environmental programme, and direct environmental emissions were reduced beyond targets. It was also re-accredited for ISO14001. The company received the Winners Award at the Brownfield Briefing Awards for Best Public Participation and was highly commended for Best Reuse of Materials.

SEABANK POWER LIMITED

CKI and Power Assets each have a 25% shareholding in Seabank Power, an electricity generation plant located near Bristol in the South West of England. The total generating capacity of the plant's two combined cycle gas turbine generation units is approximately 1,140 MW.

Seabank Power delivered an excellent operational performance in 2015 with availability and starting performance significantly better than expected, and forced outages and plant trips lower than planned, resulting in returns that were higher than forecast.

SOUTHERN WATER SERVICES LIMITED

CKI has a 4.75% interest in Southern Water.

Southern Water is a regulated water and sewerage company that supplies drinking water to 2.4 million people and treats wastewater from 2.4 million people in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight.

UK RAILS S.À R.L.

CKI and CK Hutchison Holdings Limited formed UK Rails in April 2015 to acquire Eversholt Rail for an enterprise value of approximately GBP2.5 billion (approximately HK$29.3 billion).

Eversholt Rail was created in 1994 as part of the privatisation of British Rail, and is one of the three major rolling stock companies in Great Britain. Its customers are passenger train operating companies and freight operating companies. Eversholt Rail leases a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives on long-term contracts.

Currently, Eversholt Rail's rolling stock portfolio includes 3,452 passenger vehicles and 2 depots.

Eversholt Rail performed in line with expectations during the year, generating immediate and steady returns to the Group. It has won two large scale new build investments since being acquired. In July 2015, the company signed a contract with First Great Western to procure and lease 173 new vehicles worth GBP360 million (approximately HK$4.3 billion). Subsequently, in January 2016, Eversholt Rail entered into an agreement with Arriva Rail North Limited to procure and lease out 281 new vehicles worth GBP490 million (approximately HK$5.5 billion).

Mr. H L Kam, Group Managing Director of CKI (right) and Ms. Mary Kenny, CEO of Eversholt Rail (left) boarded and inspected one of the trains leased by Eversholt Rail.

Infrastructure Investment in AUSTRALIA

CKI, in partnership with Power Assets, represents one of the largest investors in Australia's electricity distribution sector. Through SA Power Networks and Victoria Power Networks, the Group's businesses distribute electricity to the state of South Australia and over 65% of the state of Victoria.

CKI also holds an approximate 45% stake in Australian Gas Networks, one of the major natural gas distributors in Australia.

The Group's other investments in Australia include Transmission Operations Australia and Spark Infrastructure.

SA Power Networks is the most efficient electricity distribution operator in Australia on a statewide basis.

SA POWER NETWORKS

CKI holds a 51% interest in SA Power Networks in conjunction with Power Assets. SA Power Networks is the primary electricity distributor in the state of South Australia, and serves approximately 850,000 customers over a network spanning more than 88,000 kilometres.

SA Power Networks entered into a new 5-year regulatory control period based on a Draft Determination from the Australian Energy Regulator ("AER") on 1st July, 2015. This Draft Determination resulted in a reduction of regulated revenue in the second half of the year. In October 2015, the Final Determination was received, which was less onerous than the Draft Determination. The difference between the Preliminary Determination and the Final Determination will be recovered by SA Power Networks over 4 years of the regulatory period starting from 1st July, 2016.

Data gathered by the AER and published in its 2015 State of the Energy Market report, again showed that SA Power Network is the most efficient electricity distribution operator in Australia on a statewide basis. SA Power Networks also maintained its safety certifications against AS/NZS 4801 and OHSAS 18001 in 2015. SA Power Networks was named the Best Graduate Employer in Australia by the Australian Association of Graduate Employers as voted by the graduates for the second year running. It also won the Training Skills Commission's Employer of the Year and was shortlisted for a National Safety Award of Excellence from the National Safety Council of Australia.

The non-regulated business of SA Power Networks outperformed targets and showed good growth in 2015, with increased revenue from National Broadband Network ("NBN") contract works. A new five-year Master Agreement was executed with NBN in September 2015 for the construction of a Multi-Technology Mix National Broadband Network.

Australian Gas Networks delivered a strong performance in 2015.

VICTORIA POWER NETWORKS PTY LTD

CKI and Power Assets together hold a 51% interest in Victoria Power Networks, the holding company of CitiPower and Powercor.

CitiPower owns and operates an electricity distribution network in Melbourne's CBD and inner suburbs, serving around 327,000 customers.

Powercor is the largest electricity distributor in the state of Victoria, with a service area that covers regional and rural centres in central and western Victoria, as well as Melbourne's outer western suburbs. Powercor has approximately 768,000 customers.

Victoria Power Networks delivered a strong performance in the year, due to higher rates (in line with the AER approved price path), and higher sales volumes which arise as a result of colder weather during the year.

Victoria Power Networks has committed to investing in energy storage projects to help provide energy solutions for its customers. In the Powercor service region, works are underway to install Australia's largest energy storage system to help reduce stress on the network, improve reliability of supply and reduce maintenance costs.

Victoria Power Networks maintained its excellent track record for reliability, achieving network availability of 99.99% for CitiPower and 99.97% for Powercor. The customer satisfaction levels for both businesses reached record highs in 2015.

During the year, Victoria Power Networks submitted proposals for both CitiPower and Powercor to the AER in relation to the new five-year regulatory period commencing in 2016. A final decision on the revenue allowance permitted to CitiPower and Powercor under the regulatory regime will be made in April 2016. In addition, Victoria Power Networks submitted its draft Tariff Structure Statements (TSS) to the AER. Detailed under the TSS is the introduction of cost reflective tariffs to ensure customers are charged in a fair way. The AER will make a final determination on tariff structures by July 2016.

AUSTRALIAN GAS NETWORKS LIMITED

CKI has an approximate 45% shareholding in Australian Gas Networks, while Power Assets has 27.5%. Australian Gas Networks is one of the largest natural gas distribution companies in Australia, serving over 1.2 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Australian Gas Networks delivered a strong performance in 2015, benefitting from comparatively cooler weather in the southern states especially in the winter months, and the addition of new customers. Good growth in the core business can also be attributed to investments made under the capital expenditure programme during the year. In addition, operating costs were reduced through the implementation of various cost efficiency measures.

2015 represents the first full year of contribution from Australian Gas Networks since CKI's off-market takeover, and solid returns were generated.

TRANSMISSION OPERATIONS (AUSTRALIA) PTY LTD

CKI and Power Assets own Transmission Operations Australia on a 50/50 basis.

Transmission Operations Australia owns and operates a high voltage transmission network which transfers renewable energy from the wind turbines at the 130 MW Mt Mercer Wind Farm to Victoria's power grid. The transmission network features 21 kilometres of overhead power lines, two transformers and a terminal station.

A 25-year offtake agreement with Mt Mercer Wind Farm is in place. Stable returns were generated in 2015.

Transmission Operations Australia entered into a new wind farm deal in June 2015. It signed a 25-year agreement with the Ararat Wind Farm Pty Ltd to build, own and operate a transmission connection for the transfer of renewable energy from the wind turbines at the 240 MW Ararat Wind Farm to the Victorian transmission grid. Similar to the Mt Mercer Wind Farm assets, this transmission connection infrastructure features 20 kilometres of overhead transmission line, a transformer and a terminal station. It is currently under construction and is expected to be completed during mid-2016.

2015 represents the first full year of contribution from Australian Gas Networks since CKI's off-market takeover.

Infrastructure Investment in
NEW ZEALAND

CKI's businesses in New Zealand comprise electricity distribution and waste management services. Through Wellington Electricity, the Group distributes electricity to New Zealand's capital city and the surrounding area. National waste collection, management and disposal services are provided through EnviroNZ.

WELLINGTON ELECTRICITY LINES LIMITED

CKI and Power Assets are 50/50 shareholders of Wellington Electricity, which owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt Valley, Lower Hutt Valley and Porirua in New Zealand.

With a network of over 4,600 kilometres, Wellington Electricity supplies electricity to approximately 166,000 connections across domestic, commercial and industrial sectors.

A satisfactory operational performance was achieved by Wellington Electricity in 2015. It complied with regulatory performance thresholds and maintained its position as one of the most reliable networks in New Zealand. A new website was launched to provide consumers with up-to-date information on outages.

Due to a colder winter in 2015, electricity volumes were increased slightly during the year.

Wellington Electricity commenced a new regulatory price reset as of 1st April, 2015. This new regime provides predictable and steady revenues for the five years ending 31st March, 2020.

ENVIRO (NZ) LIMITED

CKI owns 100% of one of New Zealand's leading waste management company with national coverage. Previously known as EnviroWaste, the business was renamed EnviroNZ during the year.

EnviroNZ provides waste collection, management and disposal services to more than half a million commercial and residential customers. It also owns and manages Hampton PARRC, the largest landfill site in New Zealand, which accounts for approximately 30% of annual landfill volumes in Greater Auckland. With an area of 360 hectares, the Hampton landfill has consent to receive waste until 2030 and has the capacity to receive waste for many decades thereafter.

In 2015, EnviroNZ reported a successful year with solid organic growth in revenues and earnings across all business units. In particular, the Hampton landfill outperformed expectations following a record year for waste volumes received.

■ In 2015, EnviroNZ reported a successful year with solid organic growth in revenues and earnings across all business.

Infrastructure Investment in CONTINENTAL EUROPE

CKI is the joint owner of Dutch Enviro Energy, the holding company of AVR, the largest energy-from-waste company in the Netherlands. In addition CKI expanded its continental Europe portfolio in 2015 with the acquisition of a Portuguese wind energy company, Iberwind.

DUTCH ENVIRO ENERGY HOLDINGS B.V.

CKI owns a 35% stake in Dutch Enviro Energy, with Power Assets holding a 20% stake. Dutch Enviro Energy owns AVR, the largest energy-from-waste company in the Netherlands.

AVR operates five waste treatment plants. They are located in Duiven near the German border, and Rozenburg in the Port of Rotterdam area. With all waste treatment plants accredited to import waste from European Union countries, AVR is the largest waste processor in the Netherlands, with a total energy-from-waste capacity of 2,300 kilo tonnes per year.

AVR services two main groups of customer: waste and energy. Waste product groups include biomass, industrial waste water, municipal solid waste, commercial waste, and hazardous waste. These products are treated and converted into energy – electricity, steam and heat. In 2015, AVR significantly extended its waste customer base, and also achieved a 10-year price renewal for industrial waste water treatment. 2015 marked the first full year for AVR in the supply of district heating to the cities of Rotterdam North and Arnhem. AVR is now one of the largest sustainable district heating producer in the Netherlands.

Mr. H L Kam, Group Managing Director of CKI (centre) was given a tour of AVR's facilities.

During the year, the Dutch Government awarded AVR a subsidy for the production of renewable energy to extend the life of the Rozenburg biomass plant. In addition, various upgrades have been planned for the next few years – AVR is expected to deliver steam and heat to households and industries throughout the Netherlands by 2018, and energy efficiency is expected to be enhanced from 30% to 60%.

Dutch Enviro Energy delivered satisfactory and stable cash returns to CKI in 2015.

CKI expanded its presence in Continental Europe with the acquisition of a 50% stake in Iberwind in the fourth quarter of 2015.

Iberwind has provided CKI with immediate and stable returns after acquisition.

PORTUGAL RENEWABLE ENERGY

In 2015, CKI expanded its presence in Continental Europe with the acquisition of a 50% stake in Iberwind, a Portuguese wind energy company.

Iberwind is held by Portugal Renewable Energy. Since 1998, Iberwind has installed 31 wind farms, comprising more than 300 wind turbines. Iberwind has an installed capacity of close to 700 MW. It generates approximately 15% of electricity produced by wind power in Portugal, and about 3% of the electricity consumed. It is equivalent to the energy consumption of more than 550,000 households.

Following completion of the acquisition at the end of 2015, Iberwind has provided CKI with immediate and stable returns.

Infrastructure Investment in CANADA

In Canada, CKI holds 50% of Canadian Power, a company which owns a portfolio of electricity generating plants. In addition, CKI is also a 50% shareholder of Park'N Fly, the leading off-airport car park business in Canada.

The performance of Canadian Power was satisfactory during the year, with steady income generated in 2015.

CANADIAN POWER HOLDINGS INC.

CKI owns Canadian Power together with Power Assets, on a 50/50 basis. Canadian Power owns 100% of the Meridian Cogeneration Plant, and 49.99% of TransAlta Cogeneration, L.P. ("TransAlta"), which itself comprises stakes in 5 power plants.

Canadian Power has a total generating capacity of 1,368 MW that can supply over 500,000 homes.

The performance of Canadian Power was satisfactory during the year, with steady income generated in 2015.

Canadian Power has a 49.99% shareholding in TransAlta, which owns four natural gas-fired cogeneration plants in Alberta and Ontario, as well as a coal-fired plant in Alberta. Annual availability declined slightly from the TransAlta business unit due to a scheduled outage at the Sheerness plant. During the year, power generation from the Windsor cogeneration facility was successfully re-contracted for a 15-year term upon expiry of the existing contract in December 2016 providing steady and predictable returns for the long-term.

Canadian Power also holds a 100% shareholding in the Meridian Cogeneration Plant, a 220 MW natural gas-fired plant in the province of Saskatchewan. Scheduled outages occurred at the Meridian Cogeneration Plant during the year in order for new hardware to be installed on both gas turbines. This is expected to improve the performance of the turbines and the overall efficiency of the plant in the future.

PARK'N FLY

CKI owns a 50% stake in Park'N Fly, the leading off-airport car park business in Canada that provides parking solutions to business and leisure travelers coast-to-coast. Park'N Fly has parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton, Ottawa and Halifax, and has a market share of approximately 80% of the off-airport parking business. In addition to offering self-parking and valet services, Park'N Fly provides other ancillary vehicle-related services such as detailing, as well as oil and lube changing services.

2015 represented the first full-year of profit contribution from Park'N Fly for CKI.

Infrastructure Investment in

MAINLAND CHINA

CKI's portfolio of toll road and bridge investments in Mainland China totals approximately 260 kilometres in the provinces of Guangdong, Hunan and Hebei. These investments continue to deliver stable cash returns to the Group.

CKI has a shareholding in six toll roads and bridges across Mainland China.

CKI has a shareholding in six toll roads and bridges across Mainland China, including the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, Changsha Wujialing and Wuyilu Bridges, Jiangmen Chaolian Bridge, Panyu Beidou Bridge and Tangshan Tangle Road.

Despite the adverse impact of traffic closure due to highway and bridge repair work, as well as competition from alternative routes, both the Shen-Shan Highway (Eastern Section) and the Shantou Bay Bridge projects recorded toll revenue comparable to last year. The performance of the remainder of CKI's portfolio was in line with expectations.

In 2015, the Group also reported a one-off gain from the disposal of its investment in Jiangmen Jiangsha Highway upon termination of the toll collection right.

Investment in

INFRASTRUCTURE RELATED BUSINESS

As one of the leading infrastructure materials suppliers in Hong Kong, the breadth of CKI's portfolio encompasses cement, concrete and aggregates.

CEMENT, CONCRETE AND AGGREGATES

The Group's cement business is carried out in Hong Kong and Mainland China by Green Island Cement. Good progress was made during the year to improve efficiency across CKI's cement operations.

In Hong Kong, satisfactory results were achieved as demand for concrete products remained strong amidst robust construction activity. Conversely, the market environment in Mainland China declined in 2015 as a result of oversupply and slowing demand.

The concrete and aggregates businesses of the Group are operated by Alliance Construction Materials Limited, a 50/50 joint venture between CKI and HeidelbergCement AG. With growth in sales volume and profitability, the concretes and aggregates businesses delivered a record high performance in 2015.

■ CKI's concretes and aggregates businesses delivered a record high performance in 2015.

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 31st December, 2015, cash and bank deposits on hand amounted to HK$7,897 million and the total borrowings of the Group amounted to HK$17,177 million, which included Hong Kong dollar notes of HK$260 million and foreign currency borrowings of HK$16,917 million. Of the total borrowings, 93 per cent were repayable between 2017 and 2020 and 7 per cent were repayable beyond 2020. 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, Pounds Sterling, Canadian dollars, Euro 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, 2015, the Group maintained a net debt position with a net debt to net total capital ratio of 8 per cent, which was based on its net debt of HK$9,280 million and net total capital, which represents the total borrowings plus total equity net of cash and bank deposits, of HK$119,839 million. This ratio was lower than the net debt to net total capital ratio of 10 per cent at the year end of 2014. This change was mainly due to the funds raised in share replacement and the sales proceeds from disposals of investment in securities, which were partially utilised for investments in a transportation project in the United Kingdom and a wind energy project in Portugal during the year.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with the appropriate level of borrowings denominated in the local currencies of those countries. The Group also entered into certain interest rate and currency swaps to mitigate interest rate and other currency exposure risks. As at 31st December, 2015, the notional amounts of these derivative instruments amounted to HK$44,731 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2015:

- the Group's obligations under finance leases totalling HK$22 million were secured by charges over the leased assets with carrying value of HK$20 million; and
- the shares of a subsidiary with net asset value of HK$1,027 million were pledged to secure bank borrowings totalling HK$1,008 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2015, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by affiliated companies	1,120
Other guarantee given in respect of an affiliated company	695
Performance bond indemnities	94
Sub-contractor warranties	6
Total	1,915

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,070 employees. Employees' cost (excluding directors' emoluments) amounted to HK$685 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

Executive Committee

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

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 51, 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. He is the Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited, and the Managing Director and Deputy Chairman and the Chairman of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited ("CKH") and Hutchison Whampoa Limited ("HWL"). He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for CKH, HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam

aged 69, has been the Group Managing Director of the Company since its incorporation in May 1996. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited. He is also the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. Except for CKH and HWL, 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 also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr. Kam is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. 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 63, has been an Executive Director of the Company since its incorporation in May 1996 and Deputy Chairman of the Company since February 2003. He is the Deputy Managing Director of CK Hutchison Holdings Limited, and the Deputy Managing Director and Member of Executive Committee of Cheung Kong Property Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited. In addition, he is the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of ARA Asset Management Limited, TOM Group Limited, Real Nutriceutical Group Limited and Shougang Concord International Enterprises Company Limited. Except for CKH, all the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is also 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 64, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. He is also a Director of Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited. In addition, Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. Except for CKH, HWL, HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Fok is also 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)

Andrew John HUNTER

aged 57, has been an Executive Director of the Company since December 2006 and Deputy Managing Director of the Company since May 2010. He acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 33 years of experience in accounting and financial management.

CHAN Loi Shun

aged 53, has been an Executive Director of the Company since January 2011 and Chief Financial Officer of the Company since January 2006. He joined Hutchison Whampoa Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in January 1992 and has been with the Cheung Kong Group since May 1994. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan also holds directorships in certain companies controlled by certain substantial shareholders of the Company. 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).

CHOW WOO Mo Fong, Susan

aged 62, has been an Executive Director of the Company since March 1997 and an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, and Mr. Frank John Sixt, an Executive Director of the Company, since May 2006. She is the Group Deputy Managing Director of CK Hutchison Holdings Limited and a Director of Hutchison Whampoa Limited. She is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of Hutchison Telecommunications (Australia) Limited, TOM Group Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HWL and HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is also 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. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 64, has been an Executive Director of the Company since its incorporation in May 1996. He is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. He is also a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for CKH, HWL, HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Sixt is also 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.

CHEONG Ying Chew, Henry

aged 68, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee of the Company from December 1998 to December 2006. Mr. Cheong has been a member of the Remuneration Committee of the Company since January 2005 and the Chairman of the Remuneration Committee of the Company since January 2012. He is also an Independent Non-executive Director of Cheung Kong Property Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, TOM Group Limited, CNNC International Limited, New World Department Store China Limited, Greenland Hong Kong Holdings Limited and Skyworth Digital Holdings Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He is also an Alternate Director to Dr. Wong Yick Ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited. All the companies mentioned above are listed companies. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

KWOK Eva Lee

aged 74, has been an Independent Non-executive Director of the Company since September 2004. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as an Independent Director for Husky Energy Inc. Mrs. Kwok currently acts as the Chairman of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. Mrs. Kwok also sits on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., and the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc. and the Company. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

SNG Sow-mei alias POON Sow Mei

aged 74, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), 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 and SGX-ST, and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM, ARA Asset Management (Fortune) Limited and ARA Asset Management (Prosperity) Limited. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Colin Stevens RUSSEL

aged 75, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He has been a member of the Audit Committee of the Company since January 2005 and the Chairman of the Audit Committee of the Company since January 2007. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc., ARA Asset Management Limited and Husky Energy Inc. All the companies mentioned above are listed companies. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

LAN Hong Tsung, David

aged 75, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He is also an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and SJM Holdings Limited. He was previously a Non-executive Director and Co-Chairman of Aurum Pacific (China) Group Limited. All the companies mentioned above are listed companies. Dr. Lan is also 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 and SGX-ST, and of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on SEHK. He is currently the Chairman of David H T Lan Consultants Ltd., Supervisor of Nanyang Commercial Bank (China), Limited and holds directorship at Nanyang Commercial Bank Ltd. He is also a Senior Advisor of Mitsui & Company (Hong Kong) Limited and the President of the International Institute of Management. He also holds directorship in a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Dr. Lan was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. 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 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)

Barrie COOK

aged 73, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce. Mr. Cook holds a bachelor of Science Degree in Civil Engineering, and he is a Chartered Civil Engineer of the United Kingdom and a Fellow of the Chartered Management Institute of the United Kingdom.

LEE Pui Ling, Angelina

aged 67, acted as an Independent Non-executive Director of the Company from May 1996 to September 2004 and has been a Non-executive Director of the Company since September 2004. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a member of the Takeovers and Mergers Panel of the Securities and Futures Commission. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies. Mrs. Lee also holds directorship in a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS

aged 80, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005 and has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of CK Hutchison Holdings Limited, a Director of Husky Energy Inc., and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He is also 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 certain substantial shareholders of the Company. He holds a Master's degree in Economics.

MAN Ka Keung, Simon

aged 58, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the Cheung Kong Group in December 1987. He is a Member of the Executive Committee and the General Manager, Accounts Department of Cheung Kong Property Holdings Limited. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He has over 35 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 55, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary of the Company. She is also a Member of the Executive Committee, General Manager, Company Secretarial Department and the Company Secretary of Cheung Kong Property Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust (listed in Hong Kong and Singapore). She also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the Cheung Kong Group in August 1994. She is a solicitor of the High Court of the HKSAR and of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHAN Kee Ham, Ivan

aged 53, 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 25 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.

CHEN Tsien Hua, Joanna

aged 53, Head of Business Development, joined Hutchison Whampoa Limited in August 1992, and has been with the Company since July 1996. She holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

Donald William JOHNSTON

aged 73, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International Limited, has been with the Cheung Kong Group since 1988. He holds a Master's degree in Business Administration and a Bachelor's degree in Civil Engineering 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.

LEUNG Ying Wah, Lambert

aged 69, Chief Executive Officer of Cheung Kong Infrastructure Materials. He is a fellow of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Quarrying (UK) and the past chairman of the Institute of Quarrying, Hong Kong Branch.

LUK Sai Hong, Victor

aged 52, Group General Counsel, has been with the Company since July 1998. He has over 25 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 58, 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 45, Head of International Business, joined the Company in February 2011. He has over 22 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 55, Chief Corporate Affairs Officer, joined the Cheung Kong Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Property Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. Mrs. Barnes is also a board member of The Community Chest of Hong Kong. She holds a Bachelor's degree in Business Administration.

TSANG Pak Chung, Eddy

aged 58, Chief Operating Officer of Cheung Kong Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International Limited and Anderson Asia (Holdings) Limited. He joined the Cheung Kong Group in January 2005. He is a member of each of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. He holds a Master's degree in Commerce and a Bachelor's degree in Economics.

YIP Cheung, Lawrence

aged 52, 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 an associate of the Institute of Chartered Accountants in England and Wales.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Graham Winston EDWARDS

aged 62, has been Chief Executive of Wales & West Utilities Limited since the company was established in 2005. He has over 20 years of experience in the utility and outsourced services sectors. Prior to his current position, Mr. Edwards held a senior management role with RWE Thames Water, running its unregulated businesses across Europe. He has also held senior executive positions with South Wales Electricity plc and Hyder plc, where he was responsible for the management of their electricity and water operating businesses. He is also a Non-executive Director of Dwr Cymru Welsh Water, and the past Chairman of the Confederation of British Industry (CBI) in Wales. Mr. Edwards holds a Master's degree in Business Administration, and is a Fellow of both the Institute of Directors and the Chartered Institute of Personnel and Development.

Derek David GOODMANSON

aged 49, is Chief Executive Officer of Canadian Power Holdings Inc. (formerly Stanley Power Inc.) He joined the company as Technical and Commercial Director in 2011, and was promoted to his current position in 2012. Mr. Goodmanson has over 25 years of experience in engineering, maintenance, project management, operations, and commercial management in the power industry, having held a number of key leadership roles in the power generation and transmission sectors throughout Canada. Mr. Goodmanson holds a Bachelor of Mechanical Engineering degree from the University of Saskatchewan, and is a Registered Professional Engineer in Canada. He also completed the Ivey Executive Development Program at the University of Western Ontario.

Mark John HORSLEY

aged 56, has been Chief Executive Officer of Northern Gas Networks Limited ("NGN") since 2011. He has more than 30 years of experience in the energy sector. In the five years since joining NGN, the company has transformed its approach to customer service, securing seven accolades for customer experience in 2014. Mr. Horsley has held a number of senior appointments in the industry including being an Equity Partner and Head of Power Distribution at EC Harris, an international built asset consultancy; Strategy and Central Programmes Director at Scottish Power; and President and Chief Operating Officer at CE Electric UK. Mr. Horsley held the post of Chairman of the UK Energy Networks Association from 2004 to 2006, and was appointed Chairman of the Energy Innovation Centre (EIC) in 2014.

Mary KENNY

aged 50, is Chief Executive Officer of Eversholt Rail. Ms. Kenny was first involved in Eversholt Rail in 1997 as part of the due diligence team in HSBC which overlooked the bank's acquisition of 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 the organisation, Ms. Kenny has overseen a number of significant investment programmes in addition to operational and ownership changes. Ms. Kenny has a degree in Business and is a qualified Chartered Management Accountant.

Yves Willy André LUCA

aged 50, is Chief Executive Officer of AVR-Afvalverwerking B.V. ("AVR"). Mr. Luca joined Van Gansewinkel Belgium, the organisation which previously owned AVR prior to its acquisition by a consortium led by Cheung Kong Infrastructure Holdings Limited, as Logistics Manager in 1995, and was promoted to a number of regional and national executive positions in the company, including as a member of the Managing Board in 2001 and the Group Board of Directors in 2005. Over the years, Mr. Luca has been responsible for the company's Belgium and Eastern Europe waste collection operations, overall group recycling activities (Glass, Minerals, WEEE) and energy-from-waste activities. Mr. Luca has more than 15 years of experience in the waste management industry, and holds a Master's degree in Applied Economic Science from the Ghent University.

Arnaldo Navarro MACHADO

aged 70, is Chief Executive Officer of Iberwind. Mr. Machado has held the position since 2009 before Iberwind was acquired by a consortium led by Cheung Kong Infrastructure Holdings Limited in November 2015. Prior to his current role, Mr. Machado held a number of senior management roles the past 30 years. He was on the Board of Directors of Setenave Estaleiros Navais de Setúbal, and was the CEO of Sociedade Central de Cervejas and Deputy Chairman of Electricidade de Portugal. He had also served on the Board of Directors of HLC – Engenharia de Gestão e Projectos, and was the President of Empresa Portuguesa de Defesa (S.G.P.S.) S.A and Estaleiros Navais de Viana do Castelo. Mr. Machado holds a Bachelor of Naval Engineering from the University of Strathclyde.

Carlo MARRELLO

aged 51, is Chief Executive Officer of Park'N Fly. He joined the company in 2014. Mr. Marrello has over 25 years of experience in executive management, consulting, sales, and operations in both the financial and commercial logistics industries. Mr. Marrello has held a number of senior appointments including the Global Head of Commodities Logistics at the Royal Bank of Canada. Mr. Marrello holds a Bachelor's degree from the University of Toronto.

Stuart Michael MAYER

aged 49, is General Manager of Seabank Power Limited ("Seabank"). He joined the company as Commercial Financial Controller in 2001, and was promoted to his current position in 2007. Mr. Mayer joined Seabank from Rolls-Royce plc where he 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 25 years of experience in engineering and utilities.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Heidi MOTTRAM

aged 51, is Chief Executive Officer of the Northumbrian Water Group Limited and Northumbrian Water Limited Boards. Ms. Mottram has held the positions since 2010 before the organisation's acquisition by a consortium led by Cheung Kong Infrastructure Holdings Limited in October 2011. Prior to her current position, Ms. Mottram has held a number of senior management roles in the past including Managing Director of Northern Rail Limited, Commercial Director of Arriva Trains, and Operations Director of Midland Mainline. She has worked in Great North Eastern Railway holding various key positions. Ms. Mottram began her career with British Rail in the mid-1980s where her first senior role was as Station Manager in Harrogate. Ms. Mottram is currently a Board Member of Kielder Water and Forest Park Development Trust, Eurostar International Limited and CBI, and a member of Newcastle University Council. She is also a member of the United Kingdom Government's Green Economy Council. Ms. Mottram was named Rail Business Manager of the Year in 2009 for being an "inspirational leader", and was awarded an OBE in the New Year honours list 2010 for services to the rail industry.

Richard Clive PEARSON

aged 70, 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 (formerly Enviro Waste Services Limited) in 2013. Prior to his current positions, Mr. Pearson worked for Hutchison Whampoa Group from 1975 to 2007, holding various financial and management roles with Hutchison Port Holdings Group, including Managing Director – Europe Division from 2005 to 2007, President ECT Rotterdam from 2002 to 2004, as well as Managing Director of Hong Kong 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.

Timothy Hugh ROURKE

aged 44, is Chief Executive Officer of Victoria Power Networks Pty Ltd. (formerly CHEDHA Holdings Pty Ltd.) and its subsidiaries, including CitiPower I Pty Ltd. ("CitiPower") and Powercor Australia Limited ("Powercor"). He joined Victoria Power Networks Pty Ltd. in April 2013. Before joining the company, Mr. Rourke was Asia Pacific Regional Executive of GE Aero Energy based in Singapore. Prior to that, he was Chief Executive Officer of GE Energy Infrastructure Australia and New Zealand. His previous experience included senior executive roles with AGL, Southern Hydro Pty Ltd and Alliant Energy Australia. Before entering the energy sector, he worked for BHP in their minerals division, as well as PwC.

Gary Brian SAUNDERS

aged 61, is Managing Director of Enviro (NZ) Limited (formerly Enviro Waste Services Limited). He has been with the company since 2007. Mr. Saunders has over 25 years of experience in the waste management industry in Australia and New Zealand. Prior to joining EnviroNZ, Mr. Saunders has held a number of senior executive positions in a variety of industries including transport, document security, armoured cars, aviation and pallet pooling. He is an Accountant by profession gaining his qualification in Sydney, Australia.

Basil SCARSELLA

aged 60, has been Chief Executive Officer of UK Power Networks Holdings Limited since the company was established in 2010. Prior to his current position, Mr. Scarsella held a number of senior positions in Cheung Kong Infrastructure Holdings Limited ("CKI")'s businesses, including Chief Executive Officer of Northern Gas Networks Limited in the United Kingdom from 2005 to 2010, and Chief Executive Officer of SA Power Networks (formerly ETSA Utilities) in Australia from 1998 to 2005. Before SA Power Networks was acquired by CKI and Power Assets Holdings Limited, Mr. Scarsella was General Manager of ETSA Power Corporation. Prior to that, Mr. Scarsella was Group Planning and Finance Manager of South Australia Gas Company. Mr. Scarsella holds a degree in Economics from the University of Adelaide and is a Certified Practicing Accountant. He is a Life Member of Football Australia and former Member of the Executive Committee of The Fédération Internationale de Football Association (FIFA). He received the Australian Sports Medal in 2000, and in 2003 became a Member of the Order of Australia for services to sport. Mr. Scarsella is the current Chairman of the Energy Networks Association (ENA) in the United Kingdom.

Greg Donald SKELTON

aged 51, is Chief Executive Officer of Wellington Electricity Lines Limited. He has been with the company since its formation in 2009. Mr. Skelton has over 30 years of experience in the fields of production engineering, electrical engineering and business management. He holds a Bachelor's degree in Electrical Engineering, a Master's degree in Business Administration, and is a Fellow of the Institute of Professional Engineers of New Zealand.

Robert STOBBE

aged 59, has been Chief Executive Officer of SA Power Networks (formerly ETSA Utilities) since 2010. He has held senior executive positions from 1999 to 2008 at various businesses of Cheung Kong Infrastructure Holdings Limited including Northern Gas Networks Limited in the United Kingdom; as well as Powercor Australia Limited, CitiPower I Pty Ltd., and SA Power Networks in Australia. Before returning to SA Power Networks to assume his current position, he was Chief Executive Officer of TransAdelaide with responsibility for Adelaide's rail passenger transport system from 2008 to 2010. Prior to that, he was Chief Executive Officer of Spark Infrastructure Group from 2005 to 2008. Mr. Stobbe holds directorships in not-for-profit charitable organisations including Asthma Foundation SA, Operation Flinders Foundation, as well as the James Brown Memorial Trust. He also is Director of Business SA and the Electricity Networks Association of Australia. Mr. Stobbe has a Bachelor of Business (Accounting) degree and is a Fellow of CPA Australia. He is a Member of the Australian Institute of Company Directors.

Peter Peace TULLOCH

aged 72, has been Chairman of SA Power Networks (formerly ETSA Utilities), Victoria Power Networks Pty Ltd. (formerly CHEDHA Holdings Pty Ltd.), as well as its subsidiaries, CitiPower I Pty Ltd. and Powercor Australia Limited since 2005. He was appointed Chairman of Australian Gas Networks Limited ("AGN") (formerly Envestra) in late 2014. Mr. Tulloch is also Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. Previously, Mr. Tulloch was Managing Director, Asia of CIBC World Markets; Chairman and Director of the major operating companies of the CEF Group; and Non-executive Director of CIBC Australia Holdings Limited. Prior to moving to Australia in 2002, Mr. Tulloch worked for more than 30 years in banking in Asia. He was educated in Scotland and is a Fellow of the Institute of Canadian Bankers.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Benjamin Hollis WILSON

aged 41, is Chief Executive Officer of Australian Gas Networks Limited ("AGN") (formerly Envestra). He joined the company in March 2015. Before joining AGN, Mr. Wilson was Director of Strategy & Regulation and Chief Financial Officer of UK Power Networks, with responsibility for treasury, long term business planning, regulation, innovation, and business transformation. Prior to joining UK Power Networks in 2011, Mr. Wilson was a Managing Director at Deutsche Bank in London having been an investment banker for 15 years, covering utilities and natural resources financings, mergers and acquisitions and privatisations in Europe, Asia and Latin America. He is a Director of the Energy Networks Association (ENA) in Australia, Chairman of the ENA Gas Committee, and a past Director of the Energy Supply Association of Australia. Mr. Wilson holds a Bachelor's degree in Natural Sciences from the University of Cambridge.

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2015.

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, the Netherlands, Portugal, Australia, New Zealand and Canada.

BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 26 to 51, pages 10 to 15 and pages 16 to 20 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 pages 8 to 9 and Financial Review on pages 52 to 53. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 180 to 184. In addition, more details regarding particulars of important events affecting the Group that have occurred since the end of the year 2015, if any, are set out in the Chairman's Letter on pages 10 to 15 and in Note 40 to the Consolidated Financial Statements on page 148. The above discussions form part of the Report of the Directors.

The Group maintains high awareness of its responsibility to the environment. The Group has established operating procedures which seek to ensure full compliance with regulations regarding sustainable waste minimisation and environmental management and protection. The Group works proactively with environmental authorities and agencies to improve practices and policies to minimise the environmental impact of its operations. The Group measures its carbon footprint and adopts ISO standard(s) for environmental management. The Group also puts in place environmental code of conduct and policy and complies with applicable laws in relation to occupational health and safety at work.

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 legislations and regulations including, for instance, Gas Act 1986 (and associated regulations in the United Kingdom), Electricity Safety, Quality and Continuity Regulations in the United Kingdom, National Gas Law in Australia and Canadian Environmental Protection Act 1999 in Canada. The Group 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 engaging external advisors, performing regular audits, completing regular internal compliance reports and putting in place regulatory compliance guideline.

To align the Group's businesses and practices with the needs of the local community where it operates, the Group engages with its customers, employees, and suppliers for advice, guidance and constructive feedback. Surveys conducted by the Group and industry regulator indicated that the Group performed well in customers' satisfaction. Customers' satisfaction has also been measured by the Group's response timeframes to general and emergency calls, minimising the number of substantial customers' complaints and the time taken to connect new customers to services. The Group also began developing a sustainable procurement action plan to incorporate environmental risk assessment processes and environmental criteria into supplier contracts. It has established key performance indicators and holds regular meetings with its major contractors to monitor performance and take corrective actions where required. The Group's investment in employee training and development has endeavoured to build its skill inventory pool to achieve its business goals. The Group has received awards which recognise its outstanding achievements in manpower training and development. Staff engagement is also managed through uniform and on-going employee survey process.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2015 are set out in the Consolidated Income Statement on page 84.

The Directors recommend the payment of a final dividend of HK$1.55 per share which, together with the interim dividend of HK$0.6 per share paid on 4th September, 2015, makes the total dividend of HK$2.15 per share for the year.

GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last ten years are summarised on pages 8 to 9.

DIRECTORS

The Directors of the Company in office at the date of this report are listed on page 194 and their biographical information is set out on pages 54 to 61.

Mr. Tso Kai Sum had retired as a Non-executive Director of the Company with effect from the close of the annual general meeting of the Company held on 14th May, 2015.

In accordance with the Company's Bye-laws, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Accordingly, Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mrs. Chow Woo Mo Fong, Susan, Mr. Frank John Sixt, Mrs. Kwok Eva Lee and Mrs. Lee Pui Ling, Angelina will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed under the section headed "Continuing Connected Transactions", no transactions, arrangements or contracts of significance to which the Company, its parent company, subsidiary or fellow subsidiary was a party and in which a Director or an entity connected with a Director has a material interest was entered into or subsisted at any time during the year.

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 provides 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 any Directors. 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, 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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 (the "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	Beneficiary of trusts	–	–	–	5,428,000 (Note 1)	5,428,000	0.21%
	Kam Hing Lam	Beneficial owner	100,000	–	–	–	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	2,572,350 (Note 3)	1,094,244,254 (Note 2)	1,097,441,804	28.43%
	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	–	–	4,111,438 (Note 7)	–	4,111,438	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Frank John Sixt	Beneficial owner	136,800	–	–	–	136,800	0.003%
	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	83,360	16,771	–	833,868 (Note 8)	933,999	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 9)	11,895 (Note 9)	–	–	11,895	0.0003%

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
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse	–	151,000	–	–	151,000	0.007%
	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	–	–	7,870,000 (Note 5)	–	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Ip Tak Chuen, Edmond	Beneficial owner	500,000	–	–	–	500,000	0.005%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 7)	–	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 7)	–	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	–	–	–	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	2,519,250 (Note 4)	153,280 (Note 6)	2,864,530	0.05%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 7)	–	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%

(2) Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Hutchison Telecommunications Hong Kong Holdings Limited	Frank John Sixt	Beneficial owner	255,000 (Note 11)	–	–	–	255,000

(3) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures: Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US$100,000 7.45% Notes due 2017 (Note 10)	US$100,000 7.45% Notes due 2017 (Note 10)	–	–	US$100,000 7.45% Notes due 2017
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US$45,792,000 7.625% Notes due 2019 (Note 4)	–	US$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US$4,000,000 5.75% Notes due 2019 (Note 7)	–	US$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US$16,800,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

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

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

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

2. The 1,094,244,254 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:

   (a) 1,001,953,744 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

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

Notes (Cont'd):

(b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). 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 7,863,264 shares of CK Hutchison held by TUT3 as trustee of UT3 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 certain companies 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 their general meetings.

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

(a) 2,700,000 share stapled units held by a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, 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 LKSOF.

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

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

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

8. 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.

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

10. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.

11. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHK beneficially owned by Mr. Frank John Sixt.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2015, 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, 2015, 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:

1. 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 (Note i)	1,906,681,945	75.67%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Cheung Kong (Holdings) 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 iii)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note iv)	1,906,681,945	75.67%

2. Long Positions of Other Persons in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
The Capital Group Companies, Inc.	Interest of controlled corporations	202,314,467	202,314,467	8.03%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (CONT'D)

Notes:

i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of Hutchison Whampoa Limited ("HWL"). Its interests are duplicated in the interests of HWL in the Company described in Note ii below.

ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.

iii. Cheung Kong (Holdings) Limited ("CKH") and CK Hutchison Global Investments Limited ("CK Global") are deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH and CK Global hold more than one-third of the issued share capital of HWL.

iv. CK Hutchison is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note iii above as CK Hutchison holds more than one-third of the issued share capital of CKH and CK Global.

Save as disclosed above, as at 31st December, 2015, 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.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions of the Company ("Continuing Connected Transactions") under the Listing Rules during the financial year ended 31st December, 2015:

On 29th August, 2014, the Company entered into two tenancy agreements (the "Tenancy Agreements") to renew the previous tenancy agreements with Turbo Top Limited ("Turbo Top"), which was a wholly-owned subsidiary of Hutchison Whampoa Limited, a substantial shareholder of the Company and has, since 3rd June, 2015, become a wholly-owned subsidiary of Cheung Kong Property Holdings Limited (being also a connected person of the Company as a result of the exercise of the deeming power by the Stock Exchange under Rule 14A.19 of the Listing Rules) pursuant to Cheung Kong Group restructuring, in respect of the lease of Office Unit 1202 on 12th Floor and Office Unit 1903 on 19th Floor of Cheung Kong Center, 2 Queen's Road Central, Hong Kong with a total lettable floor area of approximately 13,390 square feet as the principal business office of the Group in Hong Kong. The term for each of the Tenancy Agreements is for a period of three years commencing from 1st September, 2014 to 31st August, 2017, at a total monthly rental of HK$1,439,425, exclusive of Government rates and other charges. The aggregate rent and service charges payable under the Tenancy Agreements are subject to the annual caps of HK$5,000,000 for the period from 1st September, 2014 to 31st December, 2014, HK$20,000,000 for the year ended 31st December, 2015, HK$20,000,000 for the year ending 31st December, 2016, and HK$14,000,000 for the period from 1st January, 2017 to 31st August, 2017 taking into account of the possible adjustment on the total monthly service charges of HK$141,934. During the year 2015, HK$19,072,716 has been paid/payable by the Company to Turbo Top pursuant to the Tenancy Agreements.

An announcement in respect of the above transaction was published on 29th August, 2014 in accordance with the Listing Rules.

The Continuing Connected Transactions have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that for the year 2015 the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report the Continuing Connected Transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board of Directors and confirmed that for the year 2015 nothing has come to their attention that causes them to believe that the Continuing Connected Transactions (i) have not been approved by the Board of Directors of the Company; and (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iii) have exceeded the cap.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "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 and commercialisation of infrastructure related business;
(5) Investment holding and project management; and
(6) Securities investment.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)*	Group Co-Managing Director and Deputy Chairman *	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)*	Director #	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Non-executive Director	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(6)
Kam Hing Lam	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)*	Deputy Managing Director	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)*	Director #	(1), (3), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(6)
Ip Tak Chuen, Edmond	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)*	Deputy Managing Director	(1), (2), (3), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(6)
	TOM Group Limited	Non-executive Director	(5) & (6)
	AVIC International Holding (HK) Limited	Non-executive Director ^	(5) & (6)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(5) & (6)
	ARA Asset Management Limited	Non-executive Director	(5) & (6)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)*	Group Co-Managing Director **	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)*	Director #	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Chairman	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (5)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman and Alternate Director	(5)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
Chan Loi Shun	Power Assets Holdings Limited HK Electric Investments and HK Electric Investments Limited	Executive Director Executive Director	(1), (5) & (6) (1) & (5)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)* HK Electric Investments and HK Electric Investments Limited TOM Group Limited Hutchison Telecommunications Hong Kong Holdings Limited	Group Deputy Managing Director ## Director # Alternate Director Alternate Director Non-executive Director	(1), (2), (3), (5) & (6) (1), (3), (5) & (6) (1) & (5) (5) & (6) (5)
Frank John Sixt	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)* Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)* Power Assets Holdings Limited HK Electric Investments and HK Electric Investments Limited TOM Group Limited Hutchison Telecommunications Hong Kong Holdings Limited	Group Finance Director and Deputy Managing Director ^^ Director # Non-executive Director Alternate Director *** Non-executive Chairman Non-executive Director	(1), (2), (3), (5) & (6) (1), (3), (5) & (6) (1), (5) & (6) (1) & (5) (5) & (6) (5)
Lee Pui Ling, Angelina	TOM Group Limited Henderson Land Development Company Limited	Non-executive Director Non-executive Director	(5) & (6) (1), (2) & (5)
George Colin Magnus	CK Hutchison Holdings Limited *(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)* Hutchison Whampoa Limited *(privatised by way of a scheme of arrangement on 3rd June, 2015)*	Non-executive Director Non-executive Director ###	(1), (2), (3), (5) & (6) (1), (3), (5) & (6)

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

* With effect from 3rd June, 2015, Mr. Li Tzar Kuoi, Victor has been re-designated as Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited.

\# With effect from 8th June, 2015, Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan and Mr. Frank John Sixt have been re-designated as Directors of Hutchison Whampoa Limited.

^ With effect from 23rd June, 2015, Mr. Ip Tak Chuen, Edmond has resigned as a Non-executive Director of AVIC International Holding (HK) Limited.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

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

** With effect from 3rd June, 2015, Mr. Fok Kin Ning, Canning has been re-designated as Group Co-Managing Director of CK Hutchison Holdings Limited.

With effect from 3rd June, 2015, Mrs. Chow Woo Mo Fong, Susan has been appointed as the Group Deputy Managing Director of CK Hutchison Holdings Limited.

^^ With effect from 3rd June, 2015, Mr. Frank John Sixt has been re-designated as Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited.

*** With effect from 9th June, 2015, Mr. Frank John Sixt has been appointed as an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited.

With effect from 8th June, 2015, Mr. George Colin Magnus has resigned as a Non-executive Director of Hutchison Whampoa Limited.

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, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PLACING AND SUBSCRIPTION OF SHARES

On 21st January, 2015, Hutchison Infrastructure Holdings Limited ("HIHL"), a wholly-owned subsidiary of Hutchison Whampoa Limited and a controlling shareholder of the Company, the Company, Deutsche Bank AG, Hong Kong Branch ("Deutsche Bank"), J.P. Morgan Securities (Asia Pacific) Limited ("J.P. Morgan") and Morgan Stanley & Co. International plc ("Morgan Stanley") as the joint placing agents entered into a Placing and Subscription Agreement pursuant to which (i) the joint placing agents have severally agreed to place, on a fully underwritten basis, and HIHL has agreed to sell in aggregate 80,000,000 shares of the Company at a price of HK$58.00 per placing share ("Placing Price") (Deutsche Bank, J.P. Morgan and Morgan Stanley have each severally agreed to place 26,666,667 shares, 26,666,667 shares and 26,666,666 shares, respectively); and (ii) HIHL has conditionally agreed to subscribe for 80,000,000 new ordinary shares of HK$1.00 each in the share capital of the Company ("Subscription Shares") equivalent to the number of the placing shares. The closing price of the Company's shares on 20th January, 2015 (being the last trading day for the shares prior to the date of such announcement) was HK$60.70 and the net price to the Company for each Subscription Share was approximately HK$57.50. On 30th January, 2015, the Company allotted and issued the Subscription Shares to HIHL at the Placing Price (less the costs and expenses incurred by the Company and HIHL in connection with the above-mentioned placing and subscription). The Company has applied the net proceeds for general funding purpose.

On 22nd February, 2016, the Company and OVPH Limited ("OVPH") had entered into the Share Subscription Agreement under which OVPH had agreed to subscribe as principal for, and the Company had agreed to issue 131,065,097 new ordinary shares of HK$1.00 each in the share capital of the Company (the "New Shares") for a consideration of US$1,200 million (equivalent to approximately HK$9,323 million) at the subscription price of the U.S. dollar equivalent of approximately HK$71.1302 per share (the "Issue Price") based on a fixed exchange rate. The average closing price of the Company's shares on the then last ten consecutive trading days was HK$75.27 and the net price to the Company for each New Share was approximately HK$70.5374. On 2nd March, 2016, the Company allotted and issued the New Shares to OVPH at the Issue Price. The Company has applied the gross proceeds for the Company's general corporate purposes including the funding of the redemption of the US$1,000,000,000 6.625% guaranteed perpetual capital securities issued by PHBS Limited, an indirect wholly owned subsidiary of the Company.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2015, 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, 2015.

MANAGEMENT CONTRACTS

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

PUBLIC FLOAT

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

DONATIONS

Donations made by the Group during the year amounted to HK$2,540,000.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rules 13.21 and 13.22 of Chapter 13 of the Listing Rules:

As at 31st December, 2015, 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, 2015 is set out below:

HK$ million	
Non-current assets	414,574
Current assets	22,928
Current liabilities	(38,122)
Non-current liabilities	(308,670)
Net assets	90,710
Share capital	36,143
Reserves	54,530
Non-controlling interests	37
Total equity	90,710

As at 31st December, 2015, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$60,885 million.

AUDIT COMMITTEE

The Group's Annual Report for the year ended 31st December, 2015 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 168 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 2016 annual general meeting.

On behalf of the Board
LI TZAR KUOI, VICTOR
Chairman

Hong Kong, 16th March, 2016

Deloitte.
德勤

TO THE MEMBERS OF CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cheung Kong Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 84 to 153, which comprise the consolidated statement of financial position as at 31st December, 2015, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st December, 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

16th March, 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK$ million	Notes	2015	2014
Turnover	6	**28,537**	28,197
Sales and interest income from infrastructure investments	6	**5,557**	5,971
Other income	7	**537**	447
Operating costs	8	**(2,865)**	(4,395)
Finance costs	9	**(726)**	(906)
Exchange (loss)/gain		**(326)**	207
Gain on disposal of a subsidiary	38	**–**	2,236
Share of results of associates		**3,275**	23,156
Share of results of joint ventures		**6,198**	5,630
Profit before taxation	10	**11,650**	32,346
Taxation	11(a)	**8**	(26)
Profit for the year	12	**11,658**	32,320
Attributable to:			
Shareholders of the Company		**11,162**	31,782
Owners of perpetual capital securities		**517**	543
Non-controlling interests		**(21)**	(5)
		11,658	32,320
Earnings per share	13	**HK$4.44**	HK$13.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

HK$ million	2015	2014
Profit for the year	**11,658**	32,320
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
(Loss)/Gain from fair value changes of available-for-sale financial assets	**(61)**	688
Gain from fair value changes of derivatives designated as effective cash flow hedges	**48**	32
Gain from fair value changes of derivatives designated as effective net investment hedges	**1,830**	1,698
Exchange differences on translation of financial statements of foreign operations	**(3,546)**	(2,980)
Share of other comprehensive expense of associates	**(484)**	(671)
Share of other comprehensive income/(expense) of joint ventures	**54**	(506)
Reserves released upon disposal of a subsidiary	**–**	(1,929)
Reserves released upon disposal of securities	**73**	–
Income tax relating to components of other comprehensive income	**(116)**	18
	(2,202)	(3,650)
Items that will not be reclassified to profit or loss:		
Actuarial loss of defined benefit retirement plan	**(3)**	–
Share of other comprehensive income/(expense) of associates	**257**	(81)
Share of other comprehensive income of joint ventures	**444**	73
Income tax relating to components of other comprehensive income	**(196)**	21
	502	13
Other comprehensive expense for the year	**(1,700)**	(3,637)
Total comprehensive income for the year	**9,958**	28,683
Attributable to:		
Shareholders of the Company	**9,463**	28,147
Owners of perpetual capital securities	**517**	543
Non-controlling interests	**(22)**	(7)
	9,958	28,683

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	2015	2014
Property, plant and equipment	15	**2,379**	2,452
Investment properties	16	**334**	305
Interests in associates	17	**54,004**	54,135
Interests in joint ventures	18	**60,988**	52,999
Investments in securities	19	**1,985**	3,889
Derivative financial instruments	20	**571**	86
Goodwill and intangible assets	21	**2,525**	2,877
Deferred tax assets	27	**21**	15
Other non-current assets		**17**	–
Total non-current assets		**122,824**	116,758
Inventories	22	**165**	175
Derivative financial instruments	20	**423**	825
Debtors and prepayments	23	**793**	1,204
Bank balances and deposits	24	**7,897**	7,108
Total current assets		**9,278**	9,312
Bank and other loans	25	**15**	1,690
Derivative financial instruments	20	**121**	24
Creditors and accruals	26	**3,432**	4,749
Taxation		**113**	108
Total current liabilities		**3,681**	6,571
Net current assets		**5,597**	2,741
Total assets less current liabilities		**128,421**	119,499
Bank and other loans	25	**17,162**	16,947
Derivative financial instruments	20	**175**	214
Deferred tax liabilities	27	**488**	552
Other non-current liabilities		**37**	40
Total non-current liabilities		**17,862**	17,753
Net assets		**110,559**	101,746
Representing:			
Share capital	29	**2,520**	2,440
Reserves		**100,051**	91,296
Equity attributable to shareholders of the Company		**102,571**	93,736
Perpetual capital securities	30	**7,933**	7,933
Non-controlling interests		**55**	77
Total equity		**110,559**	101,746

LI TZAR KUOI, VICTOR
Director

IP TAK CHUEN, EDMOND
Director

16th March, 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December

HK$ million	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	Total
	Attributable to shareholders of the Company												
At 1st January, 2014	2,496	13,900	(2,291)	6,062	68	1,902	(945)	906	48,087	70,185	10,329	84	80,598
Profit for the year	–	–	–	–	–	–	–	–	31,782	31,782	543	(5)	32,320
Gain from fair value changes of available-for-sale financial assets	–	–	–	–	–	688	–	–	–	688	–	–	688
Gain from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	–	32	–	–	32	–	–	32
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	–	1,698	–	1,698	–	–	1,698
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(2,978)	–	(2,978)	–	(2)	(2,980)
Share of other comprehensive expense of associates	–	–	–	–	–	–	(48)	(623)	(81)	(752)	–	–	(752)
Share of other comprehensive (expense)/income of joint ventures	–	–	–	–	–	–	(506)	–	73	(433)	–	–	(433)
Reserves released upon disposal of a subsidiary (note 38)	–	–	–	–	–	(1,807)	–	(122)	–	(1,929)	–	–	(1,929)
Income tax relating to components of other comprehensive income	–	–	–	–	–	(61)	79	–	21	39	–	–	39
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(1,180)	(443)	(2,025)	31,795	28,147	543	(7)	28,683
Final dividend for the year 2013 paid	–	–	–	–	–	–	–	–	(3,318)	(3,318)	–	–	(3,318)
Interim dividend paid	–	–	–	–	–	–	–	–	(1,281)	(1,281)	–	–	(1,281)
Interest paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	–	(599)	–	(599)
Redemption of perpetual capital securities (note 30)	(56)	(2,235)	2,291	–	–	–	–	–	3	3	(2,340)	–	(2,337)
At 31st December, 2014	2,440	11,665	–	6,062	68	722	(1,388)	(1,119)	75,286	93,736	7,933	77	101,746
Profit for the year	–	–	–	–	–	–	–	–	11,162	11,162	517	(21)	11,658
Loss from fair value changes of available-for-sale financial assets	–	–	–	–	–	(61)	–	–	–	(61)	–	–	(61)
Gain from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	–	48	–	–	48	–	–	48
Gain from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	–	1,830	–	1,830	–	–	1,830
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(3,545)	–	(3,545)	–	(1)	(3,546)
Share of other comprehensive income/(expense) of associates	–	–	–	–	–	–	280	(764)	257	(227)	–	–	(227)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	54	–	444	498	–	–	498
Reserves released upon disposal of securities	–	–	–	–	–	73	–	–	–	73	–	–	73
Actuarial loss of defined benefit plan	–	–	–	–	–	–	–	–	(3)	(3)	–	–	(3)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	(116)	–	(196)	(312)	–	–	(312)
Total comprehensive income/ (expense) for the year	–	–	–	–	–	12	266	(2,479)	11,664	9,463	517	(22)	9,958
Final dividend for the year 2014 paid	–	–	–	–	–	–	–	–	(3,716)	(3,716)	–	–	(3,716)
Interim dividend paid	–	–	–	–	–	–	–	–	(1,512)	(1,512)	–	–	(1,512)
Interest paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	–	(517)	–	(517)
Issue of new ordinary shares	80	4,520	–	–	–	–	–	–	–	4,600	–	–	4,600
At 31st December, 2015	**2,520**	**16,185**	**–**	**6,062**	**68**	**734**	**(1,122)**	**(3,598)**	**81,722**	**102,571**	**7,933**	**55**	**110,559**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

HK$ million	Notes	2015	2014
OPERATING ACTIVITIES			
Cash from operations	32	**4,076**	2,912
Income taxes recovered/(paid)		**3**	(26)
Net cash from operating activities		**4,079**	2,886
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(294)**	(292)
Disposals of property, plant and equipment		**12**	1
Additions to intangible assets		**(27)**	(14)
Disposal of interest in an associate		**–**	29
Advances to associates		**(20)**	(5)
Investments in joint ventures		**(7,758)**	(4,705)
Disposal of interest in a joint venture		**49**	–
Return of capital from a joint venture		**–**	5
Advances to joint ventures		**(21)**	(11)
Repayment from a joint venture		**84**	–
Acquisition of businesses	37	**–**	(147)
Disposals of securities		**1,583**	–
Purchases of securities		**–**	(1,641)
Redemption of securities		**–**	1,341
Loan note repayment from stapled securities		**30**	33
Dividends received from associates		**2,382**	2,342
Dividends received from joint ventures		**2,645**	2,450
Interest received		**90**	116
Net cash utilised in investing activities		**(1,245)**	(498)
Net cash before financing activities		**2,834**	2,388
FINANCING ACTIVITIES			
New bank and other loans		**1,595**	7,308
Repayments of bank and other loans		**(1,607)**	(113)
Finance costs paid		**(880)**	(900)
Dividends paid		**(5,228)**	(4,599)
Interest paid on perpetual capital securities		**(517)**	(599)
Issue of new ordinary shares		**4,600**	–
Redemption of perpetual capital securities		**–**	(2,340)
Net cash utilised in financing activities		**(2,037)**	(1,243)
Net increase in cash and cash equivalents		**797**	1,145
Cash and cash equivalents at 1st January		**7,100**	5,955
Cash and cash equivalents at 31st December		**7,897**	7,100
Analysis of balances of cash and cash equivalents:			
Bank balances and deposits	24	**7,897**	7,108
Bank overdrafts		**–**	(8)
		7,897	7,100

1. GENERAL

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate Information" of the Group's Annual Report. The Company's former ultimate holding company was Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which were listed on Hong Kong Stock Exchange. With the completion of reorganisation and combination of the businesses of the Cheung Kong (Holdings) Group and the Hutchison Whampoa Group on 3rd June, 2015, the Directors consider that the Company's ultimate holding company is CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Hong Kong Stock Exchange.

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

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

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective to the Group for accounting periods beginning on or after 1st January, 2015. The adoption of those HKFRSs has no material impact on the Group's results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

The Group has not early adopted the following new and revised HKFRSs issued by HKICPA that have been issued but are not yet effective. Except for the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" of which the Directors are assessing the impact on the results and financial position of the Group, the Directors anticipate that the adoption of the following new and revised HKFRSs will have no material impact on the results and financial position of the Group.

HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 15	Revenue from Contracts with Customers
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual improvements to HKFRSs 2012-2014 Cycle

3. PRINCIPAL ACCOUNTING POLICIES

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

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

(a) Basis of Consolidation

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

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

(b) Goodwill

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets

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, on the same basis that are acquired separately.

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

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

The acquisition of a subsidiary is accounted for using the purchase 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 for post-acquisition changes in the Group's share of the net assets of the associates/joint ventures, less impairment in the values of individual investments.

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

(f) Property, Plant and Equipment

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment (Cont'd)

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 contract lives
Furniture, fixtures and others	3% to 33% or over the expected useful lives

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

(g) Investment Properties

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

(h) Inventories

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

(i) Contract Work

When the outcome of a contract can be estimated reliably, revenue and costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, that is the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that will probably be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments

Investments in securities

The Group's investments in securities are classified as either available-for-sale financial assets, which are measured at fair value or at cost less accumulated impairment losses when the fair value cannot be measured reliably, or financial assets at fair value through profit or loss which are measured at fair value.

The Group designates the securities intended to be held for long term strategic purposes as available-for-sale financial assets. Gains and losses arising from changes in fair values of these assets are dealt with as movements in investment revaluation reserve, until the assets are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in the reserve is included in the consolidated income statement for the period. When a significant or prolonged decline in the fair value of an available-for-sale financial asset has been identified, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the consolidated income statement even though the financial asset has not been disposed of. Impairment losses recognised in the consolidated income statement for equity or stapled securities classified as available-for-sale financial assets are not subsequently reversed in the consolidated income statement.

Securities which are managed and their performances are evaluated based on a fair value basis are designated as financial assets at fair value through profit or loss. The management considers that such designation is appropriate given that the basis of internal risk assessments and performance evaluations on these assets is different from other investments and assets of the Group. Gains and losses arising from changes in fair values of these assets are dealt with in the consolidated income statement. The relevant dividend or interest accrued on the financial assets are also recognised in the consolidated income statement.

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.

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments (Cont'd)

Derivative financial instruments and hedge accounting (Cont'd)

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or the hedge no longer qualifies for hedge accounting. 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.

Debtors

Debtors are classified as loans and receivables in accordance with HKAS 39, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated income statement when there is objective evidence that the assets are impaired.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables in accordance with HKAS 39, and 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Instruments (Cont'd)

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. A financial guarantee contract issued by the Group, which is not designated as a fair value through profit or loss, is recognised initially at its fair value less transaction costs directly attributable to the issue of the financial guarantee contract.

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 available-for-sale 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.

(k) Revenue Recognition

Sales of goods

Revenue from sales of goods is recognised at the time when the goods are delivered or title to the goods passes to the customers. 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

Sales of services including waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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.

Income from investments in securities

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

Contract revenue

Income from contracts is recognised according to the stage of completion.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) 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 equity. 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 equity and included in the Group's exchange translation reserve. Such translation differences are recognised in the consolidated income statement in the year in which the foreign operation is disposed of.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(m) 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

(n) Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable under operating leases are recorded in the consolidated income statement on a straight-line basis over the respective lease terms.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(o) Finance Leases

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

The amounts due from the lessees under finance lease contracts are recorded as finance lease debtors. The finance lease debtors comprise the gross investment in leases less unearned finance lease income allocated to future accounting periods. The unearned finance lease income is allocated to future accounting periods so as to reflect constant periodic rates of return on the Group's net investments outstanding in respect of the leases.

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

(p) 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. 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(q) Borrowing Costs

Borrowing costs are expensed in the consolidated income statement in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the financing of certain infrastructure projects considered as qualified assets up to the commencement of revenue contribution or upon commencement of operation of the projects, whichever is the earlier.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Currency Risk

The Group is exposed to currency risk primarily arising from foreign investments and borrowings denominated in currencies other than the functional currency of individual subsidiaries, which accounted for 25 per cent of the Group's borrowings (2014: 23 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 swaps 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 swaps entered into by the Group at the end of the reporting period are set out in note 20.

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

(a) Currency Risk (Cont'd)

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 71 per cent of the Group's bank balances and deposits at the end of the reporting period (2014: 80 per cent). Those bank balances and deposits are mainly denominated in United States dollars, Australian dollars, Pounds sterling, Canadian dollars, New Zealand dollars and Euros. The management maintains the portfolio of bank deposits denominated in different currencies and the exposure to currency risk is kept to an appropriate level.

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 10 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:

	2015		2014	
HK$ million	**Effect on profit for the year increase/ (decrease)**	**Effect on other comprehensive income increase/ (decrease)**	Effect on profit for the year increase/ (decrease)	Effect on other comprehensive income increase/ (decrease)
Australian dollars	**119**	**(176)**	47	(203)
Pounds sterling	**277**	**(2,597)**	230	(2,383)
Japanese yen	**(193)**	**–**	(200)	–
Canadian dollars	**36**	**(103)**	36	(122)
New Zealand dollars	**43**	**(146)**	33	(167)
Euros	**5**	**(114)**	20	(8)

A 10 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. The analysis was performed on the same basis for 2014.

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. The management adopts a policy of ensuring that all the material borrowings of the Group are effectively on a fixed rate basis, either through the contractual terms of the loan facilities agreements or through the use of interest rate swaps.

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

Sensitivity analysis

At 31st December, 2015, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit for the year by HK$25 million (2014: HK$610 million). Other comprehensive income would increase by HK$21 million (2014: HK$96 million) in response to the general increase in interest rates. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for 2014.

(c) Credit Risk

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

In respect of trade debtors and other receivables, local management teams of subsidiaries are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts of the subsidiaries. In addition, the teams review the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. 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)

Debt securities investments are normally in liquid securities quoted on a recognised stock exchange or financial institutions with high credit standing, except where entered into for long term strategic purposes. Transactions involving derivative financial instruments and liquid funds are also with banks or financial institutions of high credit standing.

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

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

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

(d) Liquidity Risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in short-term deposits mostly denominated in United States dollars, Hong Kong dollars, Australian dollars, Pounds sterling, Canadian dollars, New Zealand dollars and Euros. The management aims to maintain a balance between continuity of adequate funding and the flexibility through the use of bank and other borrowings. The Group's liquidity and financing requirements are reviewed regularly to mitigate the effects of fluctuations in cash flows. The management will consider new financing while maintaining appropriate gearing for new investments and refinancing of existing debts.

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:

	2015						2014					
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	12,410	12,990	290	9,472	3,228	–	13,674	14,536	2,006	315	12,215	–
Secured bank loans	1,008	1,183	51	51	1,081	–	1,124	1,342	109	67	1,148	18
Obligations under finance leases	22	26	17	5	4	–	60	68	39	18	10	1
Unsecured notes	3,737	4,204	68	2,392	305	1,439	3,779	4,309	61	61	2,670	1,517
Trade creditors	190	190	190	–	–	–	282	282	282	–	–	–
Amount due to a joint venture	1	1	1	–	–	–	1	1	1	–	–	–
Other payables and accruals	561	561	539	1	–	21	557	557	531	2	–	24
	17,929	19,155	1,156	11,921	4,618	1,460	19,477	21,095	3,029	463	16,043	1,560
Derivatives settled gross:												
Forward foreign exchange contracts held as net investment hedging instruments:												
– outflow		32,499	17,436	1,154	10,519	3,390		29,336	22,786	–	2,426	4,124
– inflow		(33,730)	(17,772)	(1,254)	(11,101)	(3,603)		(30,371)	(23,596)	–	(2,502)	(4,273)
		(1,231)	(336)	(100)	(582)	(213)		(1,035)	(810)	–	(76)	(149)

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

(e) Other Price Risk

The Group is exposed to other price risk through its investments in securities 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, 2015, 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$2 million (2014: HK$2 million). Other comprehensive income would decrease by HK$71 million (2014: HK$165 million) in response to 5 per cent decrease in the prices. A 5 per cent increase in prices would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

The sensitivity analysis above has been determined assuming that the change in prices had occurred at the end of the reporting period and had been applied to the exposure to price risk for the Group's investments in securities 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. The analysis is performed on the same basis for 2014.

(f) 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).

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

(f) Fair Value (Cont'd)

The following table provides an analysis of the Group's financial instruments and non-financial instruments that are measured at fair value at the end of the reporting period:

Assets measured at fair value

	Level 1		Level 2		Level 3		Total	
HK$ million	2015	2014	2015	2014	2015	2014	2015	2014
Investment properties (note 16)	–	–	334	305	–	–	334	305
Financial assets at fair value through profit or loss (note 19)								
Equity securities, unlisted	–	–	46	46	–	–	46	46
Available-for-sale financial assets (note 19)								
Stapled securities, listed overseas	1,217	1,526	–	–	–	–	1,217	1,526
Stapled securities, listed in Hong Kong	–	1,526	–	–	–	–	–	1,526
Debt securities, unlisted	–	–	197	207	–	–	197	207
Equity securities, unlisted	–	–	–	32	–	–	–	32
Derivative financial instruments (note 20)								
Forward foreign exchange contracts	–	–	968	897	–	–	968	897
Interest rate swaps	–	–	26	14	–	–	26	14
Total	1,217	3,052	1,571	1,501	–	–	2,788	4,553

Liabilities measured at fair value

	Level 1		Level 2		Level 3		Total	
HK$ million	2015	2014	2015	2014	2015	2014	2015	2014
Derivative financial instruments (note 20)								
Forward foreign exchange contracts	–	–	140	1	–	–	140	1
Interest rate swaps	–	–	156	237	–	–	156	237
Total	–	–	296	238	–	–	296	238

The fair values of the financial assets and financial liabilities included in Level 2 category above have been determined in accordance with generally accepted pricing models.

There were no transfers between Level 1 and 2 during the year (2014: nil).

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

(g) Offsetting Financial Assets and Financial Liabilities

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

As at 31st December, 2015 HK$ million	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
Financial asset						
Derivative financial instruments	765	–	765	(218)	–	547
Financial liability						
Derivative financial instruments	(218)	–	(218)	218	–	–

As at 31st December, 2014 HK$ million	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
Financial asset						
Derivative financial instruments	620	–	620	(135)	–	485
Financial liability						
Derivative financial instruments	(135)	–	(135)	135	–	–

5. CRITICAL ACCOUNTING JUDGMENT 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 judgments on historical experience and various other assumptions that it believes are reasonable under various circumstances. Actual results may differ from these estimates and judgments under different assumptions and conditions.

5. CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES (CONT'D)

(a) Impairment testing of goodwill

Goodwill are tested for impairment annually or more frequently when there is any indication of impairment which required the Group to estimate the value in use of the relevant cash-generating unit. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of goodwill as at 31st December, 2015 is HK$905 million (2014: HK$1,030 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 judgment 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 to sell 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, 2015 is HK$1,620 million (2014: HK$1,847 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, interest income from investments in securities classified as infrastructure investments, sales of water supply and share of turnover of joint ventures.

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

HK$ million	**2015**	2014
Sales of infrastructure materials	**2,161**	2,642
Interest income from loans granted to associates	**378**	452
Interest income from loans granted to joint ventures	**1,714**	1,473
Sales of waste management services	**1,225**	1,298
Interest income from investments in securities	**46**	56
Sales of water supply	**33**	50
Sales and interest income from infrastructure investments	**5,557**	5,971
Share of turnover of joint ventures	**22,980**	22,226
Turnover	**28,537**	28,197

7. OTHER INCOME

Other income includes the following:

HK$ million	2015	2014
Bank and other interest income	89	78
Gain on disposal of an associate	–	12
Gain on disposal of a joint venture	34	–
Change in fair values of investment properties	29	37

8. OPERATING COSTS

Operating costs include the following:

HK$ million	2015	2014
Staff costs including directors' emoluments	774	777
Depreciation of property, plant and equipment	215	232
Amortisation of intangible assets	28	30
Cost of inventories sold	1,916	2,309
Cost of services provided	674	714
Loss on disposal of investments in securities	91	–

9. FINANCE COSTS

HK$ million	2015	2014
Interest and other finance costs on		
Bank borrowings wholly repayable within 5 years	444	541
Notes wholly repayable within 5 years	27	22
Notes repayable after 5 years	35	38
Others	220	305
Total	726	906

10. PROFIT BEFORE TAXATION

HK$ million	2015	2014
Profit before taxation is arrived at after (crediting)/charging:		
Contract revenue	(78)	(193)
Operating lease rental for land and buildings	42	39
Directors' emoluments (note 33)	89	82
Auditor's remuneration	7	7

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	2015	2014
Current taxation – Hong Kong	(1)	3
Current taxation – outside Hong Kong	39	44
Deferred taxation (note 27)	(46)	(21)
Total	(8)	26

(b) As at 31st December, 2014, a subsidiary of the Company paid AUD64 million in aggregate, to the Australian Tax Office ("ATO") being an amount equivalent to 50 per cent (which percentage is based on ATO Administrative Guidelines) of the tax in dispute, including interest and penalties, claimed by the ATO, pending the resolution of a dispute with the ATO regarding the deductibility of certain fees paid by that subsidiary for income tax purposes.

In June 2015, the Company and other relevant parties entered into an agreement with the ATO to resolve the above tax disputes. Under the settlement, the ATO will cease to pursue the legal proceedings against the Company in respect of unpaid tax, penalties and interests, and no penalties will be levied against the Company or its subsidiaries. A sum of approximately AUD24 million will be refunded from the ATO and approximately AUD60 million was charged to the consolidated income statement during the year.

11. TAXATION (CONT'D)

(c) Reconciliation between tax (credit)/charge and accounting profit at Hong Kong profits tax rate:

HK$ million	2015	2014
Profit before taxation	11,650	32,346
Less: share of results of associates	(3,275)	(23,156)
share of results of joint ventures	(6,198)	(5,630)
	2,177	3,560
Tax at 16.5% (2014: 16.5%)	359	587
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(386)	(533)
Income not subject to tax	(124)	(151)
Expenses not deductible for tax purpose	134	93
Tax losses and other temporary differences not recognised	3	7
Others	6	23
Tax (credit)/charge	(8)	26

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

	Investment in Power Assets*		Infrastructure Investments: United Kingdom		Australia		Mainland China		New Zealand		Canada, Netherlands and Portugal		Sub-total		Infrastructure related business		Unallocated items		Consolidated	
HK$ million	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Turnover	–	–	19,214	18,996	1,993	1,053	545	635	1,823	2,029	1,469	1,635	25,044	24,348	3,493	3,849	–	–	28,537	28,197
Sales and interest income from infrastructure investments #	–	–	1,556	1,318	424	508	–	–	1,279	1,362	137	141	3,396	3,329	2,161	2,642	–	–	5,557	5,971
Bank and other interest income	–	–	–	–	–	–	1	2	–	–	–	–	1	2	33	47	55	29	89	78
Gain on disposal of a subsidiary	–	–	–	–	–	2,236	–	–	–	–	–	–	–	2,236	–	–	–	–	–	2,236
Gain on disposal of an associate	–	–	–	–	–	12	–	–	–	–	–	–	–	12	–	–	–	–	–	12
Gain on disposal of a joint venture	–	–	–	–	–	–	34	–	–	–	–	–	34	–	–	–	–	–	34	–
Other income	–	–	28	4	–	129	163	108	1	1	–	–	192	242	68	62	109	53	369	357
Change in fair value of derivative financial instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	45	(134)	45	(134)
Depreciation and amortisation	–	–	(5)	(5)	–	–	–	–	(142)	(159)	–	–	(147)	(164)	(95)	(97)	(1)	(1)	(243)	(262)
Other operating expenses	–	–	(41)	(48)	–	–	(46)	(67)	(897)	(929)	–	–	(984)	(1,044)	(2,002)	(2,454)	364	(501)	(2,622)	(3,999)
Finance costs	–	–	(1)	(2)	–	–	–	–	(68)	(84)	–	–	(69)	(86)	–	(1)	(657)	(819)	(726)	(906)
Exchange gain/(loss)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2	2	(328)	205	(326)	207
Share of results of associates and joint ventures	3,005	22,695	5,172	4,918	720	583	205	267	4	14	163	145	6,264	5,927	204	164	–	–	9,473	28,786
Profit/(Loss) before taxation	3,005	22,695	6,709	6,185	1,144	3,468	357	310	177	205	300	286	8,687	10,454	371	365	(413)	(1,168)	11,650	32,346
Taxation	–	–	56	31	–	–	(11)	(23)	(8)	(13)	(1)	(1)	36	(6)	(2)	(20)	(26)	–	8	(26)
Profit/(Loss) for the year	3,005	22,695	6,765	6,216	1,144	3,468	346	287	169	192	299	285	8,723	10,448	369	345	(439)	(1,168)	11,658	32,320
Attributable to:																				
Shareholders of the Company	3,005	22,695	6,765	6,216	1,144	3,468	346	287	169	192	299	285	8,723	10,448	390	350	(956)	(1,711)	11,162	31,782
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	517	543	517	543
Non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(21)	(5)	–	–	(21)	(5)
	3,005	22,695	6,765	6,216	1,144	3,468	346	287	169	192	299	285	8,723	10,448	369	345	(439)	(1,168)	11,658	32,320

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

for the year ended 31st December

			Infrastructure Investments																	
	Investment in Power Assets*		United Kingdom		Australia		Mainland China		New Zealand		Canada, Netherlands and Portugal		Sub-total		Infrastructure related business		Unallocated items		Consolidated	
HK$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**198**	195	**–**	–	**198**	195	**95**	96	**1**	1	**294**	292
– Additions to intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**27**	14	**–**	–	**27**	14	**–**	–	**–**	–	**27**	14
– Investments in joint ventures	**–**	–	**6,366**	–	**17**	4,705	**–**	–	**–**	–	**1,375**	–	**7,758**	4,705	**–**	–	**–**	–	**7,758**	4,705
– Acquisition of businesses (note 37)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	78	**–**	–	**–**	78	**–**	–	**–**	–	**–**	78
– Disposal of a subsidiary (note 38)	**–**	–	**–**	–	**–**	(759)	**–**	–	**–**	–	**–**	–	**–**	(759)	**–**	–	**–**	–	**–**	(759)
as at 31st December																				
Assets																				
Interests in associates and joint ventures	**47,720**	47,384	**48,856**	40,810	**12,299**	13,637	**421**	546	**992**	1,156	**4,252**	3,226	**66,820**	59,375	**452**	375	**–**	–	**114,992**	107,134
Property, plant and equipment and investment properties§	**–**	–	**74**	83	**–**	–	**–**	–	**770**	780	**–**	–	**844**	863	**1,865**	1,890	**4**	4	**2,713**	2,757
Other segment assets	**–**	–	**747**	787	**1,217**	1,526	**3**	5	**2,729**	3,095	**1**	–	**4,697**	5,413	**2,119**	2,001	**–**	–	**6,816**	7,414
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**7,581**	8,765	**7,581**	8,765
Total assets	**47,720**	47,384	**49,677**	41,680	**13,516**	15,163	**424**	551	**4,491**	5,031	**4,253**	3,226	**72,361**	65,651	**4,436**	4,266	**7,585**	8,769	**132,102**	126,070
Liabilities																				
Segment liabilities	**–**	–	**5**	57	**42**	47	**14**	27	**1,673**	1,843	**7**	7	**1,741**	1,981	**697**	841	**–**	–	**2,438**	2,822
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**19,105**	21,502	**19,105**	21,502
Total liabilities	**–**	–	**5**	57	**42**	47	**14**	27	**1,673**	1,843	**7**	7	**1,741**	1,981	**697**	841	**19,105**	21,502	**21,543**	24,324

Notes:

Sales of infrastructure materials comprise sales in Hong Kong of HK$1,409 million (2014: HK$1,611 million), sales in Mainland China of HK$750 million (2014: HK$1,030 million) and sales in other region of HK$2 million (2014: HK$1 million).

* During the year, the Group has a 38.87 per cent (2014: 38.87 per cent) equity interest in Power Assets Holdings Limited ("Power Assets"), which is listed on Hong Kong Stock Exchange. The share of the results of Power Assets during the year ended 31st December, 2014 included the share of gain on disposal from spin-off and separate listing of the Hong Kong electricity business which is operated by The Hongkong Electric Company, Limited amounting to approximately HK$19 billion.

§ The carrying value of HK$591 million (2014: HK$575 million) and HK$1,274 million (2014: HK$1,316 million) of the property, plant and equipment and investment properties of infrastructure related business are located in Hong Kong and Mainland China respectively.

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$11,162 million (2014: HK$31,782 million) and on the weighted average of 2,513,035,603 shares (2014: 2,439,610,945 shares) in issue during the year.

14. DIVIDENDS

(a)

HK$ million	2015	2014
Interim dividend paid of HK$0.6 per share (2014: HK$0.525 per share)	1,512	1,281
Proposed final dividend of HK$1.55 per share (2014: HK$1.475 per share)	3,905	3,716
Total	**5,417**	4,997

During the year ended 31st December, 2015, dividends of HK$5,417 million are stated after elimination of HK$203 million proposed for the shares issued in connection with the issue of perpetual capital securities in March 2016 (note 40).

(b)

HK$ million	2015	2014
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.475 per share (2014: HK$1.36 per share)	3,716	3,318

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	Furniture, fixtures and others	Total
Cost							
At 1st January, 2014	393	118	165	1,299	2,762	86	4,823
Acquisition of businesses	–	–	–	–	65	–	65
Transfer between categories	–	–	–	79	(79)	–	–
Additions	–	–	22	1	264	5	292
Disposals	–	–	–	–	(19)	(13)	(32)
Exchange translation differences	–	(3)	(10)	(25)	(108)	(1)	(147)
At 31st December, 2014	393	115	177	1,354	2,885	77	5,001
Transfer between categories	–	–	–	22	(22)	–	–
Transfer (to)/from other assets	–	–	(5)	–	7	–	2
Additions	–	–	33	27	225	9	294
Disposals	–	–	(2)	(3)	(124)	(8)	(137)
Exchange translation differences	–	(5)	(38)	(47)	(181)	(3)	(274)
At 31st December, 2015	393	110	165	1,353	2,790	75	4,886
Accumulated depreciation							
At 1st January, 2014	174	45	–	643	1,510	43	2,415
Charge for the year	7	2	–	19	196	8	232
Disposals	–	–	–	–	(19)	(13)	(32)
Exchange translation differences	–	(1)	–	(12)	(52)	(1)	(66)
At 31st December, 2014	181	46	–	650	1,635	37	2,549
Charge for the year	6	2	–	19	181	7	215
Disposals	–	–	–	(2)	(124)	(5)	(131)
Exchange translation differences	–	(1)	–	(15)	(109)	(1)	(126)
At 31st December, 2015	187	47	–	652	1,583	38	2,507
Carrying value							
At 31st December, 2015	**206**	**63**	**165**	**701**	**1,207**	**37**	**2,379**
At 31st December, 2014	212	69	177	704	1,250	40	2,452

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying value of the Group's mains, pipes, other plant and machinery includes an amount of HK$20 million (2014: HK$62 million) in respect of assets held under finance leases. As at 31st December, 2014, the carrying value of the Group's mains, pipes, other plant and machinery included an amount of HK$73 million in respect of assets pledged as security for certain bank loans of the Group.

16. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2014	268
Change in fair values	37
At 31st December, 2014	305
Change in fair values	29
At 31st December, 2015	**334**

The fair values of the Group's investment properties at 31st December, 2015 and 2014 are determined based on a valuation carried out by Mr. K. B. Wong for and on behalf of DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. Mr. K. B. Wong is a member of the Hong Kong Institute of Surveyors. The valuation which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

17. INTERESTS IN ASSOCIATES

HK$ million	2015	2014
Investment costs		
– Listed in Hong Kong	**8,687**	8,687
– Unlisted	**1,010**	1,010
Share of post-acquisition reserves	**40,842**	40,549
	50,539	50,246
Amounts due by unlisted associates (note 36)	**3,465**	3,889
	54,004	54,135
Market value of investment in a listed associate	**59,026**	62,386

Included in the amounts due by unlisted associates are subordinated loans of HK$3,330 million (2014: HK$3,764 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

Summarised financial information of Power Assets, the only material associate, are 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	2015	2014
Current assets	**68,543**	62,101
Non-current assets	**65,984**	72,988
Current liabilities	**(2,119)**	(2,700)
Non-current liabilities	**(9,642)**	(10,486)
Equity	**122,766**	121,903
Reconciled to the Group's interests in the material associate		
Group's effective interest	**38.87%**	38.87%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	**47,720**	47,384

17. INTERESTS IN ASSOCIATES (CONT'D)

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

	Power Assets	
HK$ million	2015	2014
Turnover	1,308	2,131
Profit for the year	7,732	58,385
Other comprehensive expense	(1,482)	(1,870)
Total comprehensive income	6,250	56,515
Dividend received from the material associate	2,232	2,132

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

HK$ million	2015	2014
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	2,819	2,862
Aggregate amounts of the Group's share of those associates'		
Profit for the year	270	461
Other comprehensive income/(expense)	194	(11)
Total comprehensive income	464	450

Particulars of the principal associates are set out in Appendix 2 on pages 150 and 151.

18. INTERESTS IN JOINT VENTURES

HK$ million	2015	2014
Investment costs	30,832	30,594
Share of post-acquisition reserves	8,755	7,671
	39,587	38,265
Impairment losses	(141)	(97)
	39,446	38,168
Amounts due by joint ventures (note 36)	21,542	14,831
	60,988	52,999

Included in the amounts due by joint ventures are subordinated loans of HK$13,260 million (2014: HK$6,330 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the joint ventures.

The Directors reviewed certain joint ventures' operations and financial positions as at 31st December, 2015. An impairment loss of HK$44 million (2014: HK$66 million) was made against interests in joint ventures during the year. Due to the abolishment of the toll collection right of Chaolian Bridge with effect from May 2016 according to the Administrative Order issued by the Department of Communications of Guangdong Province, an impairment loss of HK$40 million was made against interest in a joint venture, which operated Chaolian Bridge in Jiangmen, Guangdong Province, China. Due to unsatisfactory operating performance, an impairment loss of HK$4 million was made against interest in a joint venture, which operated Tangshan Tangle Road in Hebei Province, China.

18. INTERESTS IN JOINT VENTURES (CONT'D)

Summarised financial information of UK Power Networks Holdings Limited ("UK Power Networks") and Northumbrian Water Group Limited ("Northumbrian Water"), 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

	UK Power Networks		Northumbrian Water	
HK$ million	**2015**	2014	**2015**	2014
Current assets	**4,416**	5,604	**3,638**	3,215
Non-current assets	**123,512**	124,050	**75,377**	77,979
Current liabilities	**(11,239)**	(10,340)	**(3,099)**	(3,038)
Non-current liabilities	**(70,365)**	(76,647)	**(59,797)**	(62,435)
Equity	**46,324**	42,667	**16,119**	15,721
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	**18,530**	17,067	**6,448**	6,288
Consolidation adjustments at Group level and non-controlling interests	**137**	143	**59**	61
Carrying amount of the joint ventures in the consolidated financial statements	**18,667**	17,210	**6,507**	6,349
Included in the above assets and liabilities:				
Cash and cash equivalents	**1,811**	2,172	**1,397**	796
Current financial liabilities (excluding trade and other payables and provisions)	**(3,882)**	(1,134)	**(1,397)**	(1,312)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(56,218)**	(60,560)	**(48,199)**	(49,889)

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

HK$ million	UK Power Networks 2015	UK Power Networks 2014	Northumbrian Water 2015	Northumbrian Water 2014
Turnover	**20,125**	22,938	**10,111**	10,772
Profit for the year	**7,749**	8,381	**2,154**	1,439
Other comprehensive income/(expense)	**418**	347	**300**	(345)
Total comprehensive income	**8,167**	8,728	**2,454**	1,094
Dividend received from the joint ventures	**889**	1,109	**495**	533
Included in the above profit:				
Depreciation and amortisation	**(2,481)**	(2,732)	**(1,536)**	(1,948)
Interest income	**381**	423	**63**	11
Interest expense	**(2,953)**	(3,426)	**(2,832)**	(3,212)
Income tax (expense)/credit	**(773)**	(1,988)	**834**	345

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

HK$ million	2015	2014
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**14,272**	14,609
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	**2,238**	1,702
Other comprehensive income/(expense)	**51**	(355)
Total comprehensive income	**2,289**	1,347

Particulars of the principal joint ventures are set out in Appendix 3 on pages 152 and 153.

19. INVESTMENTS IN SECURITIES

HK$ million	2015	2014
Financial assets at fair value through profit or loss*		
Equity securities, unlisted	**46**	46
Available-for-sale financial assets		
Stapled securities, listed overseas, at fair value	**1,217**	1,526
Stapled securities, listed in Hong Kong, at fair value	**–**	1,526
Equity securities, unlisted, at cost	**525**	552
Debt securities, unlisted, at fair value	**197**	207
Equity securities, unlisted, at fair value	**–**	32
Total	**1,985**	3,889

* designated as financial assets at fair value through profit or loss in accordance with HKAS 39

Overseas listed stapled securities comprise various subordinated loan notes and fully paid ordinary shares whereas Hong Kong listed stapled securities represent a combination of (i) a unit in a fixed single investment trust ("Unit"); (ii) a beneficial interest in a specifically identified ordinary share linked to the Unit; and (iii) a specifically identified preference share stapled to the Unit. Both stapled securities are quoted at a single combined price and cannot trade separately.

Neither the subordinated loan notes nor the debt securities are past due nor impaired, which are issued by corporate entities with credit ratings ranging from A- to BBB.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	**968**	**(140)**	897	(1)
Interest rate swaps	**26**	**(156)**	14	(237)
	994	**(296)**	911	(238)
Portion classified as:				
Non-current	**571**	**(175)**	86	(214)
Current	**423**	**(121)**	825	(24)
	994	**(296)**	911	(238)

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 in the management of its exchange rate exposures. No material cash flow is expected to occur in the coming year.

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, 2015 Notional amount	Maturity
Sell AUD 313.7 million*	2016
Sell CAD 184.2 million*	2016
Sell NZD 280.0 million*	2016
Sell GBP 1,141.8 million*	2016
Sell GBP 100.0 million*	2017
Sell GBP 100.0 million*	2019
Sell EUR 70.0 million*	2020
Sell GBP 760.0 million*	2020
Sell GBP 170.0 million*	2021
Sell EUR 65.0 million*	2022
Sell GBP 76.0 million*	2022

As at 31st December, 2014 Notional amount	Maturity
Sell AUD 319.0 million*	2015
Sell CAD 184.2 million*	2015
Sell NZD 280.0 million*	2015
Sell GBP 1,471.8 million*	2015
Sell GBP 100.0 million*	2017
Sell GBP 100.0 million*	2019
Sell GBP 240.0 million*	2020
Sell GBP 100.0 million*	2021

* designated as hedging instrument in accordance with HKAS 39

The fair values of the above currency derivatives that are designated and effective as net investment hedges totalling HK$828 million (net assets to the Group) (2014: HK$896 million) have been deferred in equity at 31st December, 2015.

None of above currency derivatives is designated and effective as cash flow hedges at 31st December, 2015 and 2014.

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, 2015 and the major terms of these contracts are as follows:

As at 31st December, 2015 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contract maturing in 2018	EURIBOR*	2.00%	1,669
Contracts maturing in 2019	BKBM*	3.48%	792
Contracts maturing in 2022	LIBOR*	1.89%	6,924
Contracts maturing in 2025	BBSW*	2.70%	2,850

As at 31st December, 2014 HK$ million	Floating interest rate	Weighted average fixed interest rate	Notional principal amount
Contracts maturing in 2015	BBSW*	5.66%	3,222
Contract maturing in 2018	EURIBOR*	2.00%	1,872
Contracts maturing in 2018	BKBM*	3.43%	902
Contracts maturing in 2022	LIBOR*	1.89%	7,278

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

The fair values of the above interest rate swaps that are designated and effective as cash flow hedges totalling HK$41 million (net liabilities to the Group) (2014: HK$89 million) have been deferred in equity at 31st December, 2015.

21. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2015	2014
Goodwill	905	1,030
Intangible assets	1,620	1,847
Total	**2,525**	2,877

Goodwill

HK$ million	2015	2014
At 1st January	1,030	1,024
Acquisition of businesses	–	69
Exchange difference	(125)	(63)
At 31st December	**905**	1,030

During the year ended 31st December, 2014, the goodwill was recognised on acquisition of the entire interest in the recycling and waste collection business in New Zealand (note 37).

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 and extrapolated cash flows for the subsequent 5 years (2014: 5 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 (2014: 3 per cent). The Group considers that cash flow projections of 5 years (2014: 5 years) are appropriate as they entered long-term contracts with customers.

The model uses a terminal value which is equal to eight to nine times of earnings before interest, taxation, depreciation and amortisation and discount rate of 9.4 per cent to 15.4 per cent (2014: 9.1 per cent to 15.1 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, 2015 and 2014.

21. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Intangible Assets

HK$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Others	Total
Cost						
At 1st January, 2014	129	64	1,757	4	8	1,962
Acquisition of businesses	22	5	–	2	–	29
Additions	–	–	4	9	1	14
Exchange translation differences	(9)	(4)	(97)	(2)	–	(112)
At 31st December, 2014	142	65	1,664	13	9	1,893
Transfer (to)/from other assets	–	–	(2)	10	3	11
Additions	–	–	3	24	–	27
Disposals	–	–	(2)	(8)	–	(10)
Exchange translation differences	(17)	(8)	(202)	(3)	(2)	(232)
At 31st December, 2015	125	57	1,461	36	10	1,689
Accumulated amortisation						
At 1st January, 2014	–	5	12	2	1	20
Charge for the year	–	8	17	2	3	30
Exchange translation differences	–	(1)	(2)	(1)	–	(4)
At 31st December, 2014	–	12	27	3	4	46
Transfer from other assets	–	–	–	10	3	13
Charge for the year	–	8	17	1	2	28
Disposals	–	–	(2)	(8)	–	(10)
Exchange translation differences	–	(2)	(3)	(2)	(1)	(8)
At 31st December, 2015	–	18	39	4	8	69
Carrying value						
At 31st December, 2015	**125**	**39**	**1,422**	**32**	**2**	**1,620**
At 31st December, 2014	142	53	1,637	10	5	1,847

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

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

22. INVENTORIES

HK$ million	2015	2014
Raw materials	48	72
Work-in-progress	46	52
Stores, spare parts and supplies	48	29
Finished goods	23	22
Total	**165**	175

23. DEBTORS AND PREPAYMENTS

HK$ million	2015	2014
Trade debtors	312	438
Prepayments, deposits and other receivables	481	766
Total	**793**	1,204

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

HK$ million	2015	2014
Current	203	289
Less than 1 month past due	81	123
1 to 3 months past due	30	40
More than 3 months but less than 12 months past due	15	11
More than 12 months past due	16	16
Amount past due	142	190
Allowance for doubtful debts	(33)	(41)
Total after allowance	**312**	438

23. DEBTORS AND PREPAYMENTS (CONT'D)

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.

The movement in the allowance for doubtful debts during the year is as follows:

HK$ million	**2015**	2014
At 1st January	**41**	34
Impairment loss recognised	**5**	12
Impairment loss written back	**(8)**	(4)
Uncollective amounts written off	**(4)**	–
Exchange translation differences	**(1)**	(1)
At 31st December	**33**	41

At 31st December, 2015, gross trade debtors' balances totalling HK$33 million (2014: HK$41 million) were individually determined to be impaired, which related to customers that were in financial difficulties. The management assessed that only a portion of the trade debtors' balances is expected to be recovered. Consequently, specific allowance for doubtful debts of HK$33 million (2014: HK$41 million) was recognised at 31st December, 2015. The Group does not hold any collateral over these balances.

23. DEBTORS AND PREPAYMENTS (CONT'D)

The aging analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

HK$ million	2015	2014
Neither past due nor impaired	**203**	286
Less than 1 month past due	**81**	122
1 to 3 months past due	**24**	25
More than 3 months but less than 12 months past due	**2**	3
More than 12 months past due	**2**	2
Amount past due	**109**	152
Total	**312**	438

The trade debtors that were neither past due nor impaired related to customers for whom there was no recent history of default.

The trade debtors that were past due but not impaired related to customers that had good track records with the Group. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 1.24 per cent (2014: 1.17 per cent) per annum.

25. BANK AND OTHER LOANS

HK$ million	2015	2014
Unsecured bank loans and bank overdraft repayable:		
Within 1 year	–	1,654
In the 2nd year	9,285	–
In the 3rd to 5th year, inclusive	3,125	12,020
	12,410	13,674
Obligations under finance leases repayable:		
Within 1 year	15	34
In the 2nd year	4	16
In the 3rd to 5th year, inclusive	3	9
After 5 years	–	1
	22	60
Unsecured notes repayable:		
In the 2nd year	2,325	–
In the 3rd to 5th year, inclusive	192	2,524
After 5 years	1,220	1,255
	3,737	3,779
Secured bank loans repayable:		
Within 1 year	–	2
In the 2nd year	–	2
In the 3rd to 5th year, inclusive	1,008	1,104
After 5 years	–	16
	1,008	1,124
Total	17,177	18,637
Portion classified as:		
Current liabilities	15	1,690
Non-current liabilities	17,162	16,947
Total	17,177	18,637

25. BANK AND OTHER LOANS (CONT'D)

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

	Bank loans		Finance leases		Notes		Total	
HK$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
GBP	**3,462**	3,671	**–**	2	**–**	–	**3,462**	3,673
AUD	**6,511**	7,359	**–**	–	**–**	–	**6,511**	7,359
JPY	**768**	796	**–**	–	**1,152**	1,194	**1,920**	1,990
EUR	**1,669**	1,872	**–**	–	**–**	–	**1,669**	1,872
NZD	**1,008**	1,100	**22**	40	**–**	–	**1,030**	1,140
USD	**–**	–	**–**	–	**2,325**	2,325	**2,325**	2,325
HKD	**–**	–	**–**	–	**260**	260	**260**	260
RMB	**–**	–	**–**	18	**–**	–	**–**	18
Total	**13,418**	14,798	**22**	60	**3,737**	3,779	**17,177**	18,637

The average effective interest rates of the Group's bank loans and finance leases are 3.17 per cent (2014: 4.23 per cent) per annum and 11.44 per cent (2014: 11.02 per cent) per annum, respectively.

The Group's notes of HK$1,412 million (2014: HK$1,454 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 and floating rate notes carried interest at floating rate, which was determined with reference to BBSY*, LIBOR, USD LIBOR, EURIBOR, BKBM or British Bankers Association Interest Settlement Rate for Yen deposit plus an average margin less than 2 per cent (2014: 3 per cent).

Fixed rate notes and finance leases carried interest ranging from 1.75 per cent to 13.50 per cent (2014: 1.75 per cent to 13.50 per cent) per annum.

The shares of a subsidiary with net asset value of HK$1,027 million (2014: HK$1,228 million) were pledged to secure bank borrowings totalling HK$1,008 million (2014: HK$1,100 million) granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

25. BANK AND OTHER LOANS (CONT'D)

Details of the present value of the minimum finance lease payments are shown below:

HK$ million	2015	2014
Minimum lease payments:		
Within 1 year	17	38
In the 2nd year	5	18
In the 3rd to 5th year, inclusive	4	9
After 5 years	–	2
	26	67
Less: Future finance charges	(4)	(7)
Present value of lease payments	22	60
Less: Amount due for settlement within 12 months	(15)	(34)
Amount due for settlement after 12 months	7	26

At 31st December, 2015, the remaining weighted average lease term was 1.2 years (2014: 2.2 years). All leases are denominated in NZD on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance leases are secured by the lessors' charge over the leased assets (note 15).

26. CREDITORS AND ACCRUALS

HK$ million	2015	2014
Trade creditors	190	282
Other payables and accruals	3,242	4,467
Total	3,432	4,749

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

HK$ million	2015	2014
Current	110	171
1 month	21	31
2 to 3 months	11	14
Over 3 months	48	66
Total	190	282

27. DEFERRED TAX ASSETS/LIABILITIES

HK$ million	2015	2014
Deferred tax assets	**21**	15
Deferred tax liabilities	**(488)**	(552)
Total	**(467)**	(537)

The following 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 changes in securities	Fair value arising from business combination	Others	Total
At 1st January, 2014	109	(20)	233	493	3	818
(Credit)/Charge to profit for the year	–	(30)	–	(14)	23	(21)
Charge/(Credit) to other comprehensive income for the year	–	–	61	–	(7)	54
Acquisition of businesses	–	–	–	7	(2)	5
Disposal of a subsidiary	–	–	(307)	–	–	(307)
Exchange translation differences	(3)	1	13	(26)	–	(15)
Others	(1)	34	–	–	(30)	3
At 31st December, 2014	105	(15)	–	460	(13)	537
(Credit)/Charge to profit for the year	(4)	(55)	–	(1)	14	(46)
Credit to other comprehensive income for the year	–	–	–	–	(1)	(1)
Exchange translation differences	(5)	1	–	(55)	1	(58)
Others	–	47	–	–	(12)	35
At 31st December, 2015	**96**	**(22)**	**–**	**404**	**(11)**	**467**

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

Apart from the unused tax losses of which the deferred tax assets were recognised as presented above, the Group had unused tax losses and other unused tax credits totalling HK$1,398 million (2014: HK$1,474 million) at 31st December, 2015. 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	**2015**	2014
Within 1 year	**–**	1
In the 2nd year	**9**	–
In the 3rd to 5th year, inclusive	**123**	83
No expiry date	**1,266**	1,390
Total	**1,398**	1,474

28. RETIREMENT PLANS

(a) Defined Contribution Retirement Plans

The Group provides defined contribution retirement plans for its eligible employees except for a defined benefit plan for the employees of certain subsidiaries as detailed in (b) below.

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 (HK$25,000 for the period from 1st June, 2012 to 31st May, 2014 and HK$20,000 prior to June 2012).

Contribution to the defined contribution plans in the United Kingdom are made by either the employer only at 10 per cent of the employees' monthly basic salaries or by both the employer and employees each at 4 to 6 per cent of the employees' monthly basic salaries.

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

28. RETIREMENT PLANS (CONT'D)

(a) Defined Contribution Retirement Plans (Cont'd)

As the Group's retirement plans in Hong Kong, including the defined benefit plan mentioned in (b) below, 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$25 million (2014: HK$23 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 (2014: nil). At 31st December, 2015, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2014: nil).

(b) Defined Benefit Retirement Plan operating in Hong Kong

Certain subsidiaries of the Group operate a defined benefit retirement plan in Hong Kong for their eligible employees. Contributions to the defined benefit plan are made by the employees at either 5 or 7 per cent of the employees' salaries and contributions made by the employer are based on the recommendations of an independent actuary according to a periodic actuarial valuation of the plan.

The plan exposes the Group to actuarial risks, such as interest rate risk, investment risk, longevity risk and salary risk.

Actuarial valuation of the defined benefit plan according to HKAS 19 "Employee Benefits" was carried out at 31st December, 2015, by Ms. Phoebe W. Y. Shair of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the defined benefit obligations, the related current service cost and past service cost, if any, were measured using the Projected Unit Credit Method. The principal actuarial assumptions used are as follows:

	2015	2014
Discount rate at 31st December	**1.00% per annum**	1.10% per annum
Expected rate of salary increase	**5.00% per annum**	5.00% per annum

The actuarial valuation showed that the market value of plan assets was HK$81 million (2014: HK$86 million) and that the actuarial value of these assets represented 89 per cent (2014: 93 per cent) of the benefits that had accrued to members.

28. RETIREMENT PLANS (CONT'D)

(b) Defined Benefit Retirement Plan operating in Hong Kong (Cont'd)

The below analysis shows how the defined benefit obligation as at 31st December, 2015 would have increased/(decreased) as a result of 0.25 per cent change in the significant actuarial assumptions:

HK$ million	Increase in 0.25%	Decrease in 0.25%
Discount rate	(1)	1
Expected rate of salary increase	–	–

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

The following amounts in respect of the defined benefit plan have been debited to the consolidated income statement under operating costs:

HK$ million	2015	2014
Current service cost (net of employee contributions)	3	3
Net amount debited to the consolidated income statement	**3**	3

The actual return on plan assets for the year ended 31st December, 2014 was a gain of HK$4 million.

The amount included in the consolidated statement of financial position at 31st December, 2015 arising from the Group's obligations in respect of its defined benefit plan in Hong Kong is as follows:

HK$ million	2015	2014
Present value of defined benefit obligations	91	92
Fair value of plan assets	(81)	(86)
Employee retirement benefit liabilities classified as other non-current liabilities included in the consolidated statement of financial position	**10**	6

28. RETIREMENT PLANS (CONT'D)

(b) Defined Benefit Retirement Plan operating in Hong Kong (Cont'd)

Changes in the present value of the defined benefit obligations are as follows:

HK$ million	2015	2014
At 1st January	92	85
Current service cost (net of employee contributions)	3	3
Interest cost	1	1
Actual benefits paid	(8)	–
Actual employee contributions	1	1
Actuarial loss on experience	1	1
Actuarial loss on financial assumptions	1	1
At 31st December	**91**	92

Changes in the fair value of the plan assets are as follows:

HK$ million	2015	2014
At 1st January	86	80
Return on plan assets (less)/greater than discount rate	(1)	3
Interest income	1	1
Actual company contributions	2	1
Actual employee contributions	1	1
Actual benefits paid	(8)	–
At 31st December	**81**	86

Major categories of the plan assets at the end of the reporting period are analysed as follows:

As at 31st December	2015	2014
Equity instruments	51%	50%
Debt instruments	49%	50%
Total	**100%**	100%

All the equity instruments and debt instruments have quoted prices in active markets.

The Group recognised net actuarial loss on defined benefit obligations amounting to HK$2 million (2014: HK$2 million) and return on plan assets less than discount rate amounting to HK$1 million for the year ended 31st December, 2015 (2014: return on plan assets greater than discount rate HK$3 million) directly through other comprehensive income.

28. RETIREMENT PLANS (CONT'D)

(b) Defined Benefit Retirement Plan operating in Hong Kong (Cont'd)

Another actuarial valuation was completed at 1st January, 2016 by Ms. Phoebe W. Y. Shair of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries, to determine the funding rates to be adopted by the Group in accordance with requirements of Occupational Retirement Schemes Ordinance. The actuarial method adopted was Attained Age Funding Method. The major assumptions used were the long-term average annual rate of investment return on the plan assets at 5 per cent per annum, and the average annual salary increases at 5 per cent per annum. The actuarial valuation showed that the fair value of the plan assets attributable to the Group at 31st December, 2015 represented 103 per cent of the present value of the obligations as at that date. Contributions to fund the obligations were based upon the recommendations of actuary to fully fund the retirement plan on an ongoing basis. The funding rates will be reviewed no later than 1st January, 2019 as required by Occupational Retirement Schemes Ordinance.

The Group expects to make a contribution of HK$1 million (2014: HK$2 million) to the defined benefit plan during the next financial year.

29. SHARE CAPITAL

	Number of Shares		Amount	
	2015	2014	**2015 HK$ million**	2014 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:				
At 1st January	**2,439,610,945**	2,495,845,400	**2,440**	2,496
Issue of new shares via a share placement exercise	**80,000,000**	–	**80**	–
Return and cancel of shares in connection with the redemption of perpetual capital securities (note 30)	**–**	(56,234,455)	**–**	(56)
At 31st December	**2,519,610,945**	2,439,610,945	**2,520**	2,440

On 23rd January, 2015 and 30th January, 2015, Hutchison Infrastructure Holdings Limited ("HIHL"), a controlling shareholder of the Company, sold 80,000,000 existing shares of the Company via a share placement exercise at a price of HK$58 per share, and has subscribed for 80,000,000 new shares of the Company at a price which is equivalent to the placing price less the costs and expenses incurred in connection with the placing and subscription, respectively. The net proceeds from the subscription were approximately HK$4,600 million. Accordingly, the Company's share capital and share premium were increased by HK$80 million and HK$4,520 million, respectively. The new shares issued rank pari passu in all aspects with the existing shares of the Company.

30. PERPETUAL CAPITAL SECURITIES

On 29th September, 2010, the Group issued US$1,000 million 6.625 per cent guaranteed perpetual capital securities at an issue price of 100 per cent. The perpetual capital securities were issued for general corporate funding purposes. Interest payments on the perpetual capital securities are paid semi-annually in arrears from 29th March, 2011 and may be deferred at the discretion of the Group. The perpetual capital securities have no fixed maturity and are redeemable at the Group's option on or after 29th September, 2015 at their principal amounts together with any accrued, unpaid or deferred interest payments. While any interest payments 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 27th February, 2012, The Bank of New York Mellon (Luxembourg) S.A. (the "Fiduciary") issued US$300 million perpetual capital securities (the "Capital Securities") which are listed on the Luxembourg Stock Exchange at an issue price of 100 per cent. Interest is payable semi-annually in arrear based on a fixed rate, which is 7.0 per cent per annum. Payments of interest by the Fiduciary are conditional and may be deferred at the discretion of the Company. The Capital Securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on 27th February, 2014 or any interest payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred interest payments. While any interest payments 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 28th February, 2012, the Company issued 56,234,455 new ordinary shares to the Fiduciary for a consideration of approximately US$295.4 million (equivalent to approximately HK$2,291 million). The shares were issued in connection with the issue of the above Capital Securities issued in February 2012. The Company considered these shares as treasury shares ("Treasury Shares").

On 26th February, 2014, the Company paid US$310.5 million, being US$300 million outstanding principal of the Capital Securities and US$10.5 million accrued interest up to 27th February, 2014 to the Fiduciary and instructed the Fiduciary, as fiduciary, to return the Treasury Shares to the Group on 27th February, 2014. Upon completion of the process of redemption of the Capital Securities, the Treasury Shares were cancelled on 27th February, 2014.

31. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debts, which includes bank borrowings, notes and obligations under finance leases as detailed in note 25, bank balances and deposits, equity attributable to shareholders of the Company, comprising issued share capital and reserves, and perpetual capital securities as detailed in the consolidated statement of changes in equity.

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

The Group maintained a low net debt to net total capital ratio of 8 per cent (2014: 10 per cent) as at 31st December, 2015. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2014.

The net debt to net total capital ratio at 31st December, 2015 and 2014 was as follows:

HK$ million	**2015**	2014
Total debts	**17,177**	18,637
Bank balances and deposits	**(7,897)**	(7,108)
Net debt	**9,280**	11,529
Net total capital	**119,839**	113,275
Net debt to net total capital ratio	**8%**	10%

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

Cash from Operations

HK$ million	2015	2014
Profit before taxation	**11,650**	32,346
Share of results of associates	**(3,275)**	(23,156)
Share of results of joint ventures	**(6,198)**	(5,630)
Interest income from loans granted to associates	**(378)**	(452)
Interest income from loans granted to joint ventures	**(1,714)**	(1,473)
Bank and other interest income	**(89)**	(78)
Interest income from investments in securities	**(46)**	(56)
Finance costs	**726**	906
Depreciation of property, plant and equipment	**215**	232
Amortisation of intangible assets	**28**	30
Change in fair values of investment properties	**(29)**	(37)
Gain on disposal of property, plant and equipment	**(6)**	(1)
Gain on disposal of a subsidiary	**–**	(2,236)
Gain on disposal of an associate	**–**	(12)
Gain on disposal of a joint venture	**(34)**	–
Dividend from investments in securities	**(16)**	(129)
Loss on disposal of investments in securities	**91**	–
Change in fair value of derivative financial instruments	**(45)**	134
Pension costs of defined benefit retirement plans	**3**	3
Unrealised exchange gain	**(71)**	(285)
Returns received from joint ventures	**249**	365
Interest received from investments in securities	**46**	56
Distribution received from investments in securities	**16**	129
Interest received from associates	**381**	455
Interest received from joint ventures	**1,556**	1,445
Contributions to defined benefit retirement plans	**(2)**	(1)
Net cash received on hedging instruments	**1,896**	138
Others	**(94)**	(25)
Operating cash flows before changes in working capital	**4,860**	2,668
Decrease in inventories	**10**	40
Decrease/(Increase) in debtors and prepayments	**341**	(119)
(Decrease)/Increase in creditors and accruals	**(1,113)**	346
Exchange translation differences	**(22)**	(23)
Cash from operations	**4,076**	2,912

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") and remuneration committee members ("RCM"), additional annual fee of HK$80,000 each is paid for the former and HK$25,000 each is paid for the latter. The emoluments of each of the Company's directors for the current year, excluding emoluments received from the Group's associates, are as follows:

HK$ million	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	**Total Emoluments 2015**	Total Emoluments 2014
Li Tzar Kuoi, Victor (1)	0.075	–	28.152	–	–	**28.227**	24.087
Kam Hing Lam (1)	0.075	4.200	10.601	–	–	**14.876**	14.542
Ip Tak Chuen, Edmond	0.075	1.800	10.601	–	–	**12.476**	12.120
Fok Kin Ning, Canning (1)	0.075	–	–	–	–	**0.075**	0.075
Andrew John Hunter (1)	0.075	10.561	11.078	1.056	–	**22.770**	21.506
Chan Loi Shun (1 and 3)	0.075	5.681	2.973	0.566	–	**9.295**	8.545
Chow Woo Mo Fong, Susan (1 and 2)	0.075	–	–	–	–	**0.075**	0.075
Frank John Sixt (1)	0.075	–	–	–	–	**0.075**	0.075
Cheong Ying Chew, Henry (4)	0.180	–	–	–	–	**0.180**	0.180
Kwok Eva Lee (4)	0.155	–	–	–	–	**0.155**	0.155
Sng Sow-Mei (4)	0.155	–	–	–	–	**0.155**	0.155
Colin Stevens Russel (4)	0.180	–	–	–	–	**0.180**	0.180
Lan Hong Tsung, David (4)	0.155	–	–	–	–	**0.155**	0.155
Barrie Cook	0.075	–	–	–	–	**0.075**	0.075
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus (1)	0.075	–	–	–	–	**0.075**	0.075
Tso Kai Sum	0.028	–	–	–	–	**0.028**	0.075
Total for the year 2015	**1.678**	**22.242**	**63.405**	**1.622**	**–**	**88.947**	
Total for the year 2014	1.725	21.225	57.680	1.520	–		82.150

Notes:

(1) During the year, Mr. Li Tzar Kuoi, Victor, Mr. Andrew John Hunter, Mr. Chan Loi Shun and Mr. Frank John Sixt each received directors' fees of HK$70,000 (2014: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2014: HK$120,000) from Power Assets. During the year ended 31st December, 2014, Mr. Kam Hing Lam, Mrs. Chow Woo Mo Fong, Susan, Mr. Tso Kai Sum and Mr. George Colin Magnus each received director's fees of HK$5,370 from Power Assets. Except for HK$5,370 received by Mr. Tso Kai Sum and HK$5,370 received by Mr. George Colin Magnus during the year ended 31st December, 2014, the directors' fees totalling HK$400,000 (2014: HK$410,740) were then paid back to the Company.

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

Notes (Cont'd):

(2) During the year ended 31st December, 2014, director's fee of HK$58,110 received by Mrs. Chow Woo Mo Fong, Susan from HK Electric Investments and HK Electric Investments Limited were paid back to the Company.

(3) During the year, part of the directors' emoluments in the sum of HK$4,200,000 (2014: HK$4,200,000) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

(4) INED, ACM and RCM – During the year, Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mr. Lan Hong Tsung, David, Mr. Colin Stevens Russel and Mrs. Sng Sow-Mei have acted as INED and ACM of the Company. Mr. Cheong Ying Chew, Henry and Mr. Colin Stevens Russel have acted as RCM of the Company during the year. The total emoluments paid to these INED, ACM and RCM during the year were HK$825,000 (2014: HK$825,000).

Of the 5 individuals with the highest emoluments in the Group, all (2014: all) are directors whose emoluments are disclosed above.

34. COMMITMENTS

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

	Contracted but not provided for		Authorised but not contracted for	
HK$ million	2015	2014	2015	2014
Investment in a joint venture	10	–	141	189
Plant and machinery	107	43	340	529
Total	117	43	481	718

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

HK$ million	2015	2014
Within 1 year	46	49
In the 2nd to 5th year, inclusive	59	100
Over 5 years	22	31
Total	127	180

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	2015	2014
Guarantee in respect of bank loan drawn by joint ventures	1,120	1,338
Other guarantees given in respect of a joint venture	695	836
Performance bond indemnities	94	91
Sub-contractor warranties	6	7
Total	**1,915**	2,272

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$20 million (2014: HK$5 million) to its unlisted associates. The total outstanding loan balances as at 31st December, 2015 amounted to HK$3,465 million (2014: HK$3,889 million), of which HK$3,330 million (2014: HK$3,764 million) at fixed rates ranging from 10.85 per cent to 11.19 per cent (2014: from 10.85 per cent to 11.19 per cent) per annum and HK$135 million (2014: HK$125 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.02 per cent (2014: 11.02 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK$378 million (2014: HK$452 million). Except for a loan of HK$94 million (2014: HK$94 million) which was repayable within six years (2014: seven years), the loans had no fixed terms of repayment.

During the year, the Group advanced HK$21 million (2014: HK$11 million) to its joint ventures. The total outstanding loan balances as at 31st December, 2015 amounted to HK$21,542 million (2014: HK$14,831 million), of which HK$5,717 million (2014: HK$1,408 million) bore interest with reference to London Interbank Offered Rate, Hong Kong Dollar Prime Rate and return from a joint venture, and HK$15,233 million (2014: HK$13,043 million) at fixed rate ranging from 8 per cent to 14 per cent (2014: from 8 per cent to 11 per cent) per annum, and HK$592 million (2014: HK$380 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 9.22 per cent (2014: 9.83 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK$1,714 million (2014: HK$1,473 million). The loans had no fixed terms of repayment.

Moreover, the Group's sales and purchases of infrastructure materials to/from a joint venture for the current year amounted to HK$384 million (2014: HK$339 million) and HK$16 million (2014: HK$33 million), respectively. The Group also received income and incurred operating costs from sales of waste management services from/to its joint ventures amounted to HK$77 million (2014: HK$81 million) and HK$43 million (2014: HK$45 million), respectively for the current year.

During the year ended 31st December, 2014, the Group disposed of its entire interest in a subsidiary to a joint venture in return for 17.46 per cent equity interest in the joint venture. Details of the disposal have been disclosed in note 38 below.

36. MATERIAL RELATED PARTY TRANSACTIONS (CONT'D)

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. BUSINESS COMBINATION

During the year ended 31st December, 2014, the Group acquired the recycling and waste collection businesses in New Zealand from third parties for consideration of NZ$22 million (approximately HK$147 million). This acquisition reflects the Group's strategy of investing in infrastructure opportunities around the world, leveraging the Group's strong financial position and solid experience in infrastructure.

The acquisition-related costs were insignificant and were recognised as expenses during the year ended 31st December, 2014 within operating costs.

The fair values of identifiable assets and liabilities arising from the acquisition were as follows:

HK$ million	2014
Net assets acquired:	
Property, plant and equipment	65
Intangible assets	29
Creditors and accruals	(2)
Bank and other loans	(1)
Deferred tax liabilities	(5)
Other non-current liabilities	(8)
	78
Goodwill arising from acquisition	69
Total consideration	147

The goodwill of HK$69 million arising from the acquisition was attributable to its anticipated profitability and the anticipated future operating synergies from the business combination. None of the goodwill arising on this acquisition was expected to be deductible for tax purpose.

The operation acquired during the year ended 31st December, 2014 contributed HK$70 million to the turnover and a contribution of HK$1 million to profit attributable to shareholders of the Company.

If the acquisition had been completed on 1st January, 2014, the turnover and the profit attributable to shareholders of the Company for the year ended 31st December, 2014 would have been increased by HK$36 million and HK$1 million, respectively. The pro forma information is for illustration purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2014, nor is it intended to be a projection of future results.

38. DISPOSAL OF A SUBSIDIARY/NON-CASH TRANSACTION

On 28th August, 2014, the Group disposed of its entire interest in Cheung Kong Infrastructure Holdings (Malaysian) Limited to an indirect wholly-owned subsidiary of its joint venture in return for 232,428,618 new ordinary shares of this joint venture, which represented approximately 17.46 per cent equity interest in the joint venture.

HK$ million	2014
Net assets disposed of:	
Investment in securities	2,995
Deferred tax liabilities	(307)
	2,688
Release of exchange translation reserve	(122)
Release of investment revaluation reserve	(1,807)
	759
Gain on disposal of a subsidiary	2,236
Total consideration	2,995
Satisfied by:	
Interest in a joint venture	2,995

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

as at 31st December

(a) Statement of Financial Position of the Company

HK$ million	2015	2014
Property, plant and equipment	3	4
Unlisted investments in subsidiaries	43,219	35,421
Total non-current assets	**43,222**	35,425
Amounts due from subsidiaries	20,815	21,633
Amount due from a joint venture	2	2
Prepayments, deposits and other receivables	37	3
Bank balances	7	11
Total current assets	**20,861**	21,649
Amounts due to subsidiaries	17,979	18,585
Other payables and accruals	93	94
Total current liabilities	**18,072**	18,679
Net current assets	**2,789**	2,970
Net assets	**46,011**	38,395
Representing:		
Share capital	2,520	2,440
Reserves	43,491	35,955
Total equity	**46,011**	38,395

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

(b) Movements in the Company's Reserves

HK$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2014	2,496	13,900	24,314	40,710
Profit for the year	–	–	4,607	4,607
Final dividend for the year 2013 paid	–	–	(3,318)	(3,318)
Interim dividend paid	–	–	(1,281)	(1,281)
Return and cancel of shares in connection with the redemption of perpetual capital securities	(56)	(2,267)	–	(2,323)
At 31st December, 2014	2,440	11,633	24,322	38,395
Profit for the year	–	–	8,244	8,244
Final dividend for the year 2014 paid	–	–	(3,716)	(3,716)
Interim dividend paid	–	–	(1,512)	(1,512)
Issue of new ordinary shares	80	4,520	–	4,600
At 31st December, 2015	**2,520**	**16,153**	**27,338**	**46,011**

40. EVENT AFTER THE REPORTING PERIOD

On 22nd February, 2016, the Company and OVPH Limited (the "Issuer") have entered into a share subscription agreement under which the Issuer has agreed to subscribe as principal for, and the Company has agreed to issue 131,065,097 new ordinary shares for a consideration of US$1,200 million (equivalent to approximately HK$9,323 million) at the subscription price of the U.S. dollar equivalent of approximately HK$71.1302 per share.

On 22nd February, 2016, the Company, the Issuer and Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities plc (the "Joint Lead Managers") have entered into a securities subscription agreement under which the Issuer agreed to issue the securities and each Joint Lead Manager has severally, and not jointly, agreed to subscribe and pay for, or to procure subscriptions and payment for, the securities. The aggregate principal amount of the securities to be issued is US$1,200 million (equivalent to approximately HK$9,323 million).

41. COMPARATIVE FIGURES

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

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 84 to 153 were approved by the Board of Directors on 16th March, 2016.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2015 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	Issued share capital	Proportion of nominal value of issued capital held by the Group (per cent)	Principal activities
Incorporated and operating in Hong Kong			
Anderson Asia (Holdings) Limited	HK$1 ordinary HK$60,291,765 Non-voting deferred	100	Investment holding
Anderson Asphalt Limited	HK$30,300,000	100	Production and laying of asphalt and investment holding
Cheung Kong China Infrastructure Limited	HK$2	100	Investment holding
China Cement Company (International) Limited	HK$1,000,000	70	Investment holding
Green Island Cement Company, Limited	HK$306,694,931	100	Manufacturing, sale and distribution of cement and property investment
Green Island Cement (Holdings) Limited	HK$722,027,503	100	Investment holding
Incorporated in British Virgin Islands and operating in Hong Kong			
Cheung Kong Infrastructure Finance (BVI) Limited	US$1	100	Financing
Capellini Limited	US$1	100	Financing
Cerise Global Limited	US$1	100	Financing
Daredon Assets Limited	US$1	100	Treasury
Green Island International (BVI) Limited	US$1	100	Investment holding
Export Success International Limited	US$1	100	Financing
Treriso Limited	US$1	100	Financing
Incorporated and operating in Australia			
Cheung Kong Infrastructure Finance (Australia) Pty Ltd	A$63,840,181	100	Financing
Incorporated and operating in New Zealand			
Enviro Waste Services Limited	NZ$84,768,736	100	Waste management services

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

APPENDIX 2

The table below shows the associates as at 31st December, 2015 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	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Incorporated and operating in Hong Kong			
Power Assets Holdings Limited (note 1)	HK$6,610,008,416.59	39	Investment in power and utility-related businesses
Incorporated and operating in Australia			
SA Power Networks Partnership (note 2)	N/A	23	Electricity distribution
Victoria Power Networks Pty Limited (note 3)	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 Limited
   CitiPower Pty
   The CitiPower Trust

   Powercor Australia Limited 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, 2015 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	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Incorporated and operating in the United Kingdom			
UK Power Networks Holdings Limited	£6,000,000 A ordinary	40	Electricity distribution
	£4,000,000 B ordinary		
	£360,000,000 A preference		
	£240,000,000 B preference		
Northumbrian Water Group Limited	£19.4 A ordinary	40	Water supply, sewerage and waste water businesses
	£142 B ordinary		
Northern Gas Networks Holdings Limited	£71,670,979 ordinary	47	Gas distribution
	£1 special		
Wales & West Gas Networks (Holdings) Limited	£290,272,506	30	Gas distribution
Electricity First Limited	£4	50	Electricity generation
Incorporated in Luxembourg and operating in the United Kingdom			
UK Rails S.à r.l.	£24,762	50	Leasing of rolling stock
Incorporated and operating in Australia			
Australian Gas Networks Limited	A$879,082,752.8	45	Gas distribution

APPENDIX 3 (CONT'D)

Name	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Incorporated and operating in Canada			
Canadian Power Holdings Inc.	C$139,000,000 ordinary C$23,000,000 preference	50	Electricity generation
1822604 Alberta Ltd.	C$1	50	Off-airport parking operation
Incorporated and operating in New Zealand			
Wellington Electricity Distribution Network Limited	NZ$172,000,100	50	Electricity distribution
Incorporated and operating in the Netherlands			
AVR-Afvalverwerking B.V.	€1	35	Producing energy from waste
Incorporated and operating in Portugal			
Iberwind – Desenvolvimento e Projectos, S.A.	€50,000	50	Generation and sale of wind energy

APPENDIX 4

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

I: Industrial C: Commercial

CORPORATE GOVERNANCE REPORT

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

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December, 2015. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Group Managing Director. In respect of code provision A.6.7 of the CG Code, two Non-executive Directors did not attend the annual general meeting of the Company held on 14th May, 2015 due to an overseas commitment and health reason respectively.

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

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**THE BOARD** *Corporate Governance Principle* *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	• The Board meets regularly and held meetings in February, May, July, September and November of 2015. • Directors' attendance records in 2015 are as follows: **Members of the Board** — **Attendance** **Executive Directors** LI Tzar Kuoi, Victor *(Chairman)* 6/6 KAM Hing Lam *(Group Managing Director)* 6/6 IP Tak Chuen, Edmond *(Deputy Chairman)* 6/6 FOK Kin Ning, Canning *(Deputy Chairman)* 6/6 Andrew John HUNTER *(Deputy Managing Director)* 6/6 CHAN Loi Shun *(Chief Financial Officer)* 6/6 CHOW WOO Mo Fong, Susan 6/6 Frank John SIXT 6/6 **Independent Non-executive Directors** CHEONG Ying Chew, Henry 6/6 KWOK Eva Lee 6/6 SNG Sow-mei alias POON Sow Mei 6/6 Colin Stevens RUSSEL 6/6 LAN Hong Tsung, David 6/6 Barrie COOK 6/6 **Non-executive Directors** LEE Pui Ling, Angelina 4/6 George Colin MAGNUS 6/6 TSO Kai Sum * 0/2 * Retired as a Non-executive Director with effect from 14th May, 2015. • The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company's Bye-laws. An updated and consolidated version of the Company's Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). The Company's constitutional documents were amended during the year 2015.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	• All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.
A.1.3	– At least 14 days notice for regular board meetings – Reasonable notice for other board meetings	C C	• Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. • At least 14 days formal notice would be given before each regular meeting. • According to the Company's Bye-laws, any Director may waive notice of any meeting.
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	• The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting. • Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	– Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. – Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting	C C	• Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. • Directors are given an opportunity to comment on draft Board minutes. • Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	– A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense – The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.	C C	• Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	– If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. – Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.	C C	• Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. • Director must declare his/her interest in the matters to be passed in the resolution, if applicable. • If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	• The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1996 including the year 2015/2016.
A.2	**CHAIRMAN AND CHIEF EXECUTIVE** *Corporate Governance Principle* *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply (“C”)/
Explain (“E”)</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.2.1</td><td>– Separate roles of chairman and chief executive not to be performed by the same individual
– Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</td><td>C
C</td><td>• The positions of the Chairman of the Board and the Group Managing Director are currently held by separate individuals.
• The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</td></tr>
<tr><td>A.2.2</td><td>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</td><td>C</td><td>• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.
• In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2015. Attendance records of the meetings are as follows:
<table>
<tr><th></th><th>Attendance</th></tr>
<tr><td>Chairman</td><td></td></tr>
<tr><td>LI Tzar Kuoi, Victor</td><td>2/2</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>2/2</td></tr>
<tr><td>KWOK Eva Lee</td><td>2/2</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>2/2</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr>
<tr><td>Barrie COOK</td><td>2/2</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>1/2</td></tr>
<tr><td>George Colin MAGNUS</td><td>2/2</td></tr>
<tr><td>TSO Kai Sum *</td><td>0/1</td></tr>
</table>
* Retired as a Non-executive Director with effect from 14th May, 2015.</td></tr>
<tr><td>A.2.3</td><td>The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.</td><td>C</td><td>• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.
• Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</td></tr>
<tr><td>A.2.4</td><td>– The chairman to provide leadership for the board
– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.
– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.</td><td>C
C
C</td><td>• The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board.
• The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Board meets regularly and held meetings in February, May, July, September and November of 2015.
• With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner.
• The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.</td></tr>
<tr><td>A.2.5</td><td>The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.</td><td>C</td><td>• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.6	– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.	C C	• Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	• In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2015. Please refer to A.2.2 above for the attendance records.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	**BOARD COMPOSITION** *Corporate Governance Principle* *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of sixteen Directors, comprising eight Executive Directors, two Non-executive Directors and six Independent Non-executive Directors. One of the Executive Directors also acts as Alternate Director to two Executive Directors and two Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 194. • The Directors' biographical information and the relationships among the Directors are set out on pages 54 to 61. • Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	• The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	**APPOINTMENTS, RE-ELECTION AND REMOVAL** *Corporate Governance Principle* *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.	C	• In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment.
	– Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C	• The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. • The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published the procedures for shareholders to propose a person for election as a Director on its website.
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.	C	• Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules.
	– The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	C	• The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company had expressed its view in the circular for the 2016 annual general meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5	**NOMINATION COMMITTEE** *Corporate Governance Principle* *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
A.5.1 – A.5.4	– The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. – The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. – It should perform the following duties:– (a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy; (b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; (c) assess the independence of independent non-executive directors; and (d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive. – The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website. – The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.	E	• The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Group Managing Director. • The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.
A.5.5	– Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.	C	• Please refer to A.4.3 above for the details.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.6	– The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	C	• In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and has made it available on the Company's website. • In the Board Diversity Policy:– 1. The Company recognises the benefits of having a Board that has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. 2. The Company maintains that appointments to the Board should be based on merit that complements and expands the skills and experience of the Board as a whole, and after due regard to factors which include but not limited to gender, age, cultural and educational background, and/or professional experience, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board. 3. The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's businesses, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company, in particular, for the Chairman of the Board and the Group Managing Director. • Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board. • The Board has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board.
A.6	**RESPONSIBILITIES OF DIRECTORS** *Corporate Governance Principle* *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	The functions of non-executive directors include: – bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings	C	• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. • The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. • The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.2 (Cont'd)	– take the lead on potential conflicts of interests – serve on the audit, remuneration, nomination and other governance committees, if invited – scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting	C C C	
A.6.3	Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.	C	• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. • Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.
A.6.4	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	• The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. • Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2015. • Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. • Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the new requirements set out in Part XIVA of the Securities and Futures Ordinance that came into effect on 1st January, 2013. The policy has been further revised in July 2015 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company in 2015.
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	C	• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. • The Directors have provided to the Company their records of continuous professional development during the year 2015. • During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply (“C”)/
Explain (“E”)</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.6.5
(Cont’d)</td><td></td><td></td><td>

- The Directors’ knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

  (1) Reading memoranda issued or materials provided (for example, in-house directors’ seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;

  (2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors’ duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and

  (3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

- Records of the Directors’ training during 2015 are as follows:

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

</td></tr>
<tr><td>A.6.6</td><td>Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.</td><td>C</td><td>

- The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.

</td></tr>
<tr><td>A.6.7</td><td>Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.</td><td>E</td><td>

- There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meetings during the year except that two Non-executive Directors did not attend the annual general meeting of the Company held on 14th May, 2015 due to an overseas commitment and health reason respectively. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for the attendance records.
- Extent of participation and contribution should be viewed both quantitatively and qualitatively.

</td></tr>
</table>

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.6.8</td><td>Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.</td><td>C</td><td>• Please refer to A.6.7 above.</td></tr>
<tr><td>A.7</td><td colspan="3">SUPPLY OF AND ACCESS TO INFORMATION
Corporate Governance Principle
Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</td></tr>
<tr><td>A.7.1</td><td>– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meetings
– As far as practicable for other board or board committee meetings</td><td>C
C</td><td>• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.</td></tr>
<tr><td>A.7.2</td><td>– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions.
– The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.</td><td>C
C</td><td>• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate.
• Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided as appropriate.</td></tr>
<tr><td>A.7.3</td><td>– All directors are entitled to have access to board papers and related materials.
– Queries raised by directors should receive a prompt and full response, if possible.</td><td>C
C</td><td>• Please see A.7.1 and A.7.2 above.</td></tr>
<tr><td>B.</td><td colspan="3">REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</td></tr>
<tr><td>B.1</td><td colspan="3">THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE
Corporate Governance Principle
The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</td></tr>
<tr><td>B.1.1</td><td>The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.</td><td>C</td><td>• The Remuneration Committee has consulted the Chairman and/or the Group Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.
• The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.
• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.
• The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.2	The remuneration committee's terms of reference should include: – recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy – review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives; – either to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or to make recommendations to the board on the remuneration packages of individual executive directors and senior management – recommend to the board on the remuneration of non-executive directors – consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group – review and approve compensation payable on loss or termination of office or appointment – review and approve compensation arrangements relating to dismissal or removal of directors for misconduct – ensure that no director or any of his associates is involved in deciding his own remuneration	C	• The Company established its Remuneration Committee ("Remuneration Committee") on 1st January, 2005. A majority of the members are Independent Non-executive Directors. • The Remuneration Committee comprises the Chairman of the Board, Mr. Li Tzar Kuoi, Victor, and two Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee) and Mr. Colin Stevens Russel. • The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. • The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors. • Since the publication of the Annual Report 2014 in March 2015, meetings of the Remuneration Committee were held in November 2015 and January 2016. Attendance records of the members of the Remuneration Committee are as follows: **Members of the Remuneration Committee** — **Attendance** CHEONG Ying Chew, Henry *(Chairman of the Remuneration Committee)* — 2/2 LI Tzar Kuoi, Victor — 2/2 Colin Stevens RUSSEL — 2/2 • The following is a summary of the work of the Remuneration Committee during the said meetings: 1. Review the remuneration policy for 2015/2016; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review; 4. Review and approve the remuneration of Non-executive Directors; and 5. Review the annual bonus policy. • No Director or any of his/her associates is involved in deciding his/her own remuneration at the meetings of the Remuneration Committee held in November 2015 and January 2016.
B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	• The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**FINANCIAL REPORTING** *Corporate Governance Principle* *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	• Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
C.1.3	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. – Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	C C C N/A	• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. • With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 83.
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	• The Board has included the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2015.
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. • The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	**INTERNAL CONTROLS** *Corporate Governance Principle* *The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.*		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1	– Directors to review the effectiveness of the company's and its subsidiaries' internal control systems at least annually and to report that they have done so in the Corporate Governance Report – The review should cover all material controls, including financial, operational and compliance controls and risk management functions.	C C	• The Board is ultimately responsible for the Group's internal control system and for review of its effectiveness. • The internal control system is designed to help the achievement of business objectives in the following categories: (1) Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; (2) Reliability of financial and operational reporting; and (3) Compliance with applicable laws, regulations, and internal policies and procedures. • The system is formulated to manage risk that may impede the achievement of the Group's business objectives rather than to eliminate that risk, and can only provide reasonable, 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. *Internal Control System* • The Board has overall responsibility for monitoring the operations of the businesses within the Group. Executive Directors and senior officials are appointed to the boards and board committees of all significant operating subsidiaries and associates to attend the board meetings and to oversee the operations. Monitoring activities include the review and approval of business strategies, budgets and plans, and setting of key performance indicators. • There are defined organisational structures and authority to operate various business units is delegated to respective managements within limits set by the Executive Directors. • The Head Office management has established operating and management reporting standards for use by all business units. Each business unit also has its own operating policies and procedures that are tailor-made to specific operational environment. • Individual business unit needs to prepare five-year plans which form the foundation of annual budgets and plans. All these plans/budgets have to be approved by the Executive Directors. Monitoring the actual results against the budgets are done monthly via the Executives' and management meetings at the Group and business unit levels, and appropriate actions are taken, if necessary. • Each business unit has to perform risk assessment half-yearly where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. • The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal half-yearly confirmation to acknowledge review of their control systems and highlight any weaknesses. • The Group Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit is responsible for monitoring the corrective actions. • Reports from the external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), on internal controls and relevant financial reporting matters, are presented to the Audit Committee and management. *Controls on Inside Information* • 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) makes reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012;

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>C.2.1
(Cont'd)</td><td></td><td></td><td>(3) has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and
(4) requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.
Effectiveness of Internal Control System
• The Board, through the Audit Committee of the Company, has conducted an annual review of the effectiveness of the internal control system operating in the Group and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls as set forth in the CG Code.</td></tr>
<tr><td>C.2.2</td><td>The board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.</td><td>C</td><td>• The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function at the Board meeting held in March 2016 and noted that the Company has been in compliance with the Code Provision for the year 2015. Please also refer to C.3.3 below.</td></tr>
<tr><td>C.3</td><td colspan="3">AUDIT COMMITTEE
Corporate Governance Principle
The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</td></tr>
<tr><td>C.3.1</td><td>– Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.
– Draft and final versions of minutes should be sent to all committee members for their comment and records within a reasonable time after the meeting.</td><td>C

C</td><td>• Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.
• Audit Committee meetings were held in February and July of 2015. Attendance records of members of the Audit Committee are as follows:
<table><tr><th>Members of the Audit Committee</th><th>Attendance</th></tr><tr><td>Colin Stevens RUSSEL (Chairman of the Audit Committee)</td><td>2/2</td></tr><tr><td>CHEONG Ying Chew, Henry</td><td>2/2</td></tr><tr><td>KWOK Eva Lee</td><td>2/2</td></tr><tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr><tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr></table>• The following is a summary of the work of the Audit Committee during 2015:
1. Review the financial reports for 2014 annual results and 2015 interim results;
2. Review the findings and recommendations of the Group Internal Audit on the work of various divisions/departments and related companies;
3. Review the effectiveness of the internal control system;
4. Review the external auditor's audit findings;
5. Review the auditor's remuneration;
6. Review the risks of different business units and analysis thereof provided by the relevant business units;
7. Review the control mechanisms for such risks advising on action plans for improvement of the situations;
8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
9. Perform the corporate governance functions and review the corporate governance policies and practices.
• After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 16th March, 2016 that the internal control system was adequate and effective.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.1 (Cont'd)			• On 16th March, 2016, the Audit Committee met to review the Group's 2015 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2015 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31st December, 2015. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2016 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2016 annual general meeting. • The Group's Annual Report for the year ended 31st December, 2015 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for 1 year from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.
C.3.3	The audit committee's terms of reference should include: – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement – review and monitor external auditor's independence and objectivity and effectiveness of audit process – review of the company's financial information – oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function	C	• The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	• The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. • In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. • The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.4 (Cont'd)			• The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Colin Stevens Russel (Chairman of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei and Mr. Lan Hong Tsung, David. The Audit Committee held two meetings in 2015.
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	• The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2016. • For the year ended 31st December, 2015, the external auditor of the Company received approximately HK$7.1 million for annual audit services and approximately HK$1.9 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	The terms of reference of the audit committee should also require it: – to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and – to act as the key representative body for overseeing the company's relations with the external auditor.	 C C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. • The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's employees handbook and posted on the Company's website. • The Company has issued an employee's handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the human resources department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).
D.	**DELEGATION BY THE BOARD**		
D.1	**MANAGEMENT FUNCTIONS** *Corporate Governance Principle* *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	• Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 179. • For matters or transactions of a material nature, the same will be referred to the Board for approval. • For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations. • Specifically, the Board has had in place Guidelines for Treasury Investments stating the authority limits of treasury investments under different scenarios beyond which Board approval will be required.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	• The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	• Please refer to the Management Structure Chart set out on page 179.
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	• In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	**BOARD COMMITTEES** *Corporate Governance Principle* *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	• Three Board Committees, namely, Audit Committee, Remuneration Committee and Executive Committee, have been established with specific terms of reference.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	• Board Committees report to the Board of their decisions and recommendations at the Board meetings.
D.3	**CORPORATE GOVERNANCE FUNCTIONS**		
D.3.1	The terms of reference of the board (or a committee or committees performing this function) should include:– – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.	C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March, 2016, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.
D.3.2	The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.	C	• The board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td colspan="4">E. COMMUNICATION WITH SHAREHOLDERS</td></tr>
<tr><td>E.1</td><td colspan="3">EFFECTIVE COMMUNICATION
Corporate Governance Principle
The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</td></tr>
<tr><td>E.1.1</td><td>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</td><td>C</td><td>• Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors.</td></tr>
<tr><td>E.1.2</td><td>– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting.

– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.</td><td>C

C

C</td><td>• In 2015, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the 2015 annual general meeting and the special general meeting held on 24th November, 2015 ("SGM") and were available to answer questions.

• Directors' attendance records of the 2015 annual general meeting and the SGM are as follows:
<table>
<tr><th>Members of the Board</th><th>Attendance</th></tr>
<tr><td colspan="2">Executive Directors</td></tr>
<tr><td>LI Tzar Kuoi, Victor (Chairman of the Board)</td><td>2/2</td></tr>
<tr><td>KAM Hing Lam</td><td>2/2</td></tr>
<tr><td>IP Tak Chuen, Edmond</td><td>2/2</td></tr>
<tr><td>FOK Kin Ning, Canning</td><td>2/2</td></tr>
<tr><td>Andrew John HUNTER</td><td>2/2</td></tr>
<tr><td>CHAN Loi Shun</td><td>2/2</td></tr>
<tr><td>CHOW WOO Mo Fong, Susan</td><td>2/2</td></tr>
<tr><td>Frank John SIXT</td><td>2/2</td></tr>
<tr><td colspan="2">Independent Non-executive Directors</td></tr>
<tr><td>CHEONG Ying Chew, Henry (Chairman of the Remuneration Committee)</td><td>2/2</td></tr>
<tr><td>KWOK Eva Lee</td><td>2/2</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr>
<tr><td>Colin Stevens RUSSEL (Chairman of the Audit Committee)</td><td>2/2</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr>
<tr><td>Barrie COOK</td><td>2/2</td></tr>
<tr><td colspan="2">Non-executive Directors</td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>1/2</td></tr>
<tr><td>George Colin MAGNUS</td><td>2/2</td></tr>
<tr><td>TSO Kai Sum *</td><td>0/1</td></tr>
</table>
* Retired as a Non-executive Director with effect from 14th May, 2015.

• In 2015, the Company's external auditor attended the annual general meeting and was available to answer questions.

• The Company established an independent board committee ("Independent Board Committee") on 8th September, 2015 for advising the independent shareholders in relation to the proposed merger of the Company and Power Assets Holdings Limited by way of a scheme of arrangement. The Independent Board Committee comprises six Independent Non-Executive Directors, namely, Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Colin Stevens Russel, Mr. Lan Hong Tsung, David and Mr. Barrie Cook. All members of the Independent Board Committee attended the Company's SGM and were available to answer questions.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	• The Company's notices to shareholders for the 2015 annual general meeting and the SGM of the Company were sent at least 20 clear business days and at least 10 clear business days before the meetings respectively.
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	• In March 2012, the Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders. 2. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company. 3. (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 4. Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 5. In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way. 6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws. 7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.2	**VOTING BY POLL** *Corporate Governance Principle* *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
E.2.1	The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	C	• At the 2015 annual general meeting and the SGM, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. • At the 2015 annual general meeting and the SGM, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notices to be voted by way of a poll. • Representatives of the Branch Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2015 annual general meeting and the SGM. • Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll. • Poll results were posted on the websites of the Company and HKEx.
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	• The Company Secretary of the Company has been appointed from 1996 to 2008 and re-appointed in 2008 and has day-to-day knowledge of the Group's affairs. • The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed. • The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary also advises on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board fully abreast of all legislative, regulatory and corporate governance developments.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	• The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	• Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**THE BOARD** *Corporate Governance Principle* *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	**CHAIRMAN AND CHIEF EXECUTIVE** *Corporate Governance Principle* *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		
There is no recommended best practice under Section A.2 in the CG Code.			
A.3	**BOARD COMPOSITION** *Corporate Governance Principle* *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
There is no recommended best practice under Section A.3 in the CG Code.			
A.4	**APPOINTMENTS, RE-ELECTION AND REMOVAL** *Corporate Governance Principle* *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
There is no recommended best practice under Section A.4 in the CG Code.			
A.5	**NOMINATION COMMITTEE** *Corporate Governance Principle* *In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.*		
There is no recommended best practice under Section A.5 in the CG Code.			
A.6	**RESPONSIBILITIES OF DIRECTORS** *Corporate Governance Principle* *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
There is no recommended best practice under Section A.6 in the CG Code.			
A.7	**SUPPLY OF AND ACCESS TO INFORMATION** *Corporate Governance Principle* *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
There is no recommended best practice under Section A.7 in the CG Code.			
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE** *Corporate Governance Principle* *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	• The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2015, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of discretionary bonus.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 33 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
B.1.9	The board should conduct a regular evaluation of its performance.	E	• The performance of the Board is best reflected by the Company's results and stock price performance during the year.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**FINANCIAL REPORTING** *Corporate Governance Principle* *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.6 – C.1.7	– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.	E	• The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders.
	– Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.		• Please refer to C.1.6 above for details.
C.2	**INTERNAL CONTROLS** *Corporate Governance Principle* *The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.*		
C.2.3	The board's annual review should, in particular, consider:		• The Board, through the Audit Committee, reviews annually the effectiveness of internal control system of the Company and its subsidiaries, such review considers:
	– the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment;	C	• the changes in the significant risks since the last review, and the Company's ability to respond to changes in its business and the external environment; • the management's ongoing monitoring of risks and the internal control system, and the work of the internal audit function;
	– the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;	C	• the communication of the monitoring results to the Board that enables it to assess control of the Company and the effectiveness of the risk management; • any significant control failings or weaknesses identified and the extent to which they have caused unforeseeable outcomes or contingencies that had or might have material impact on the Company's financial performance or condition; and

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.3 (Cont'd)	– the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;	C	• the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.
	– significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or conditions; and	C	
	– the effectiveness of the company's processes for financial reporting and Listing Rule compliance.	C	
C.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with internal control code provisions during the reporting period. The disclosures should also include:		• In the Corporate Governance Report, the Company, in particular item C.2.1 above, discloses: • the process used to identify, evaluate and manage the significant risks; • any additional information to explain its risk management processes and internal control system; • an acknowledgement by the Board that it is responsible for the internal control system and for reviewing its effectiveness; • the process used to review the effectiveness of internal control system; and • the process used to resolve material internal control defects for significant problems disclosed in its Annual Reports and Financial Statements.
	– the process used to identify, evaluate and manage significant risks;	C	
	– additional information to explain its risk management processes and internal control system;	C	
	– an acknowledgement by the board that it is responsible for the internal control system and reviewing its effectiveness;	C	
	– the process used to review the effectiveness of the internal control system; and	C	
	– the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and accounts.	C	
C.2.5	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	• The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.6	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of this review in the Corporate Governance Report.	N/A	• Please refer to C.2 above for the details.
C.3	**AUDIT COMMITTEE** *Corporate Governance Principle* *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.*		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	• Please refer to C.3.7 above for the details.
D.	**DELEGATION BY THE BOARD**		
D.1	**MANAGEMENT FUNCTIONS** *Corporate Governance Principle* *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	**BOARD COMMITTEES** *Corporate Governance Principle* *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	**CORPORATE GOVERNANCE FUNCTIONS**		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.1	**EFFECTIVE COMMUNICATION** *Corporate Governance Principle* *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	**VOTING BY POLL** *Corporate Governance Principle* *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
There is no recommended best practice under Section F in the CG Code.			

MANAGEMENT STRUCTURE CHART

Board of Directors

Executive Directors:

LI Tzar Kuoi, Victor (Chairman)
FOK Kin Ning, Canning (Deputy Chairman)
CHOW WOO Mo Fong, Susan *
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)

Independent Non-executive Directors:

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
Colin Stevens RUSSEL
LAN Hong Tsung, David
Barrie COOK

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

* *also alternate to FOK Kin Ning, Canning and Frank John SIXT*

Audit Committee

Colin Stevens RUSSEL (Chairman)
CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
LAN Hong Tsung, David

Remuneration Committee

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

Executive Committee

LI Tzar Kuoi, Victor (Chairman)
KAM Hing Lam
IP Tak Chuen, Edmond
Andrew John HUNTER
CHAN Loi Shun
CHAN Kee Ham, Ivan
LEUNG Ying Wah, Lambert
LUN Pak Lam
CHEN Tsien Hua, Joanna
LUK Sai Hong, Victor
TONG BARNES Wai Che, Wendy
Duncan Nicholas MACRAE

Chairman

LI Tzar Kuoi, Victor

Group Managing Director

KAM Hing Lam

Corporate Office

Corporate Legal
Corporate Affairs
Company Secretarial
Planning & Investment
Internal Audit
Human Resources
Administration
Information Technology

International Operation

China Infrastructure

Infrastructure Materials Division

Business Development

Finance & Accounting

RISK FACTORS

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

ECONOMIC ENVIRONMENT AND CONDITIONS

The global economy remains uncertain since the onset of the global financial crisis which started in 2008. The European sovereign debt crisis that followed, the slowdown of the Mainland China economy, volatility in commodity prices, significant volatility in the Mainland China stock markets and the timing of the U.S. monetary normalisation continue to pose risks to the global economic recovery and stability. Slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's financial position or potential income, asset value 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.

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

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

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

HIGHLY COMPETITIVE MARKETS

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

INFRASTRUCTURE MARKET

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

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

CAPITAL EXPENDITURE

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

CURRENCY FLUCTUATIONS

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's businesses, financial conditions, results of operations or growth prospects. 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.

STRATEGIC PARTNERS

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

MERGERS AND ACQUISITIONS

The Company has undertaken mergers and acquisitions activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are being 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 Company 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 mergers and acquisitions activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Company 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 increase in costs, time and resources. For merger and acquisitions activities undertaken overseas, the Company may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Company may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects

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 businesses, financial conditions, results of operations or growth prospects.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza and other communicable diseases from time to time have also affected many areas of the world. The outbreak of the Ebola virus disease also poses a significant threat to global industries. Additional outbreaks of other epidemic diseases may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

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 (the "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 accounts. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

THE GROUP'S FINANCIAL CONDITIONS OR RESULTS OF OPERATIONS ARE AFFECTED BY THOSE OF THE POWER ASSETS GROUP

Following the spin-off by Power Assets Group of its Hong Kong electricity business in January 2014, the Group owns approximately 38.87 per cent of Power Assets Holdings Limited ("Power Assets") which has investments in different countries and places and holds 33.37 per cent of HK Electric Investments, a fixed single investment trust, which in turn holds 100 per cent of The Hongkong Electric Company, Limited ("HEC") whose operations comprise the generation, transmission, distribution and supply of electricity to Hong Kong Island and Lamma Island. Hence the financial conditions and results of operations of Power Assets may be affected by the local market conditions and the economy of Hong Kong as well as the places where its investments are located. The Group's financial conditions and results of operations are materially affected by the financial conditions and results of operations of Power Assets.

Besides, the operations of HEC are subject to a scheme of control ("SCA") agreed with the Hong Kong Government which provides for a permitted level of earnings based principally on a return on their capital investment in electricity generation, transmission and distribution assets. The scheme of control was renewed for a term of ten years commencing 1st January, 2009. There can be no assurance that changes to or abolition of the scheme of control in the future will not adversely affect HEC's and the Power Assets' (and hence the Group's) financial conditions and results of operations.

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, fire, frost and similar events and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Although the Group has not experienced any major structural damage to its infrastructure projects or assets or facilities from earthquakes or natural disasters to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group during the past years 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.

Investment in
POWER ASSETS

POWER ASSETS HOLDINGS LIMITED
HONG KONG

Power Assets Holdings Limited is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution, renewable energy, gas distribution and energy-from-waste

HK OPERATIONS

Business
Owns 33.37% HKEI which supplies electricity to Hong Kong Island and Lamma Island

Installed capacity
3,737 MW

Consumer coverage
More than 570,000 customers

OPERATIONS OUTSIDE HK

Business
Power Assets has also established a strong global presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, Canada, Thailand, the Netherlands and Portugal, bringing sustainable energy and lighting up the lives of millions around the world

CKI's shareholding
38.87%

Infrastructure Investment in
UNITED KINGDOM

UK POWER NETWORKS HOLDINGS LIMITED
THE UNITED KINGDOM

Business
One of UK's largest power distributors comprises three regional networks with a distribution area that covers London, South East England and the East of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites

Network length
Underground – 138,000 km
Overhead – 46,000 km

Consumer coverage
Approximately 8.2 million customers

CKI's shareholding
40% (another 40% held by Power Assets)

NORTHUMBRIAN WATER GROUP LIMITED
THE UNITED KINGDOM

Business
One of the ten regulated water and sewerage companies in England and Wales. It supplies water and sewerage services in the North East of England and supplies water services to the South East of England

Network length
Water mains – Approximately 26,000 km
Sewers – About 30,000 km
Water treatment works – 64
Sewage treatment works – 437
Water service reservoirs – 354

Consumer coverage
Serves a total population of 4.4 million

CKI's shareholding
40%

Infrastructure Investment in
UNITED KINGDOM (CONT'D)

NORTHERN GAS NETWORKS LIMITED
THE UNITED KINGDOM

Business
One of the eight major gas distribution networks in Great Britain

Natural gas distribution network
36,000 km

Consumer coverage
Serves a total population of around 6.7 million

CKI's shareholding
47.1% (another 41.3% held by Power Assets)

SEABANK POWER LIMITED
BRISTOL, THE UNITED KINGDOM

Business
Owns and operates Seabank Power Station near Bristol. The electricity is sold under a long-term contract to SSE Energy Supply Ltd.

Generating Capacity
Approximately 1,140 MW

CKI's shareholding
25% (another 25% held by Power Assets)

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED
THE UNITED KINGDOM

Business
A gas distribution network that serves Wales and the South West of England

Natural gas distribution network
35,000 km

Consumer coverage
Serves a total population of 7.5 million

CKI's shareholding
30% (another 30% held by Power Assets)

UK RAILS S.À R.L.
THE UNITED KINGDOM

Business
One of the three major rolling stock operation companies in the United Kingdom. It leases a diverse range of rolling stock on long term contracts.

CKI's shareholding
50%

Infrastructure Investment in AUSTRALIA

SOUTHERN WATER SERVICES LIMITED
THE UNITED KINGDOM

Business
Supplies water and waste water services to the South East of England

Length of mains/sewers
Water mains – 13,700 km
Length of sewers – 39,600 km

Consumer coverage
Water – Serves a population of 2.4 million
Recycles wastewater – Serves a population of 2.4 million

CKI's shareholding
4.75%

SA POWER NETWORKS
SOUTH AUSTRALIA, AUSTRALIA

Business
Primary electricity distribution business for the state of South Australia

Electricity distribution network
More than 88,000 km

Consumer coverage
Approximately 850,000 customers

CKI's shareholding
23.07% (another 27.93% held by Power Assets)

POWERCOR AUSTRALIA LIMITED
VICTORIA, AUSTRALIA

Business
Operates a major electricity distribution network, covering an area of 150,000 sq km in the state of Victoria

Electricity distribution network
Approximately 84,000 km

Consumer coverage
Approximately 768,000 customers

CKI's shareholding
23.07% (another 27.93% held by Power Assets)

Infrastructure Investment in
AUSTRALIA (CONT'D)

CITIPOWER I PTY LTD.
VICTORIA, AUSTRALIA

Business
Operates the electricity distribution network in the CBD and inner suburban areas of Melbourne, Victoria
Electricity distribution network
Approximately 7,400 km
Consumer coverage
Around 327,000 customers
CKI's shareholding
23.07% (another 27.93% held by Power Assets)

TRANSMISSION OPERATIONS (AUSTRALIA) PTY LTD
VICTORIA, AUSTRALIA

Business
To operate a transmission link which transports renewable energy from the wind farm to Victoria's power grid
Electricity transmission network
21 km
CKI's shareholding
50% (another 50% held by Power Assets)

AUSTRALIAN GAS NETWORKS LIMITED
AUSTRALIA

Business
One of Australia's largest distributors of natural gas
Natural gas distribution network
About 23,000 km
Consumer coverage
Over 1.2 million customers
CKI's shareholding
Approximately 45% (another 27.5% held by Power Assets)

SPARK INFRASTRUCTURE GROUP
AUSTRALIA

Business
An infrastructure company listed in Australia with seed assets being a 49% stake in each of SA Power Networks, Powercor and CitiPower
CKI's shareholding
Approximately 6.7%

Infrastructure Investment in NEW ZEALAND

WELLINGTON ELECTRICITY LINES LIMITED
WELLINGTON, NEW ZEALAND

Business
Operates the electricity distribution network in New Zealand's capital city, Wellington, and the surrounding greater Wellington area

Electricity distribution network
Over 4,600 km

Consumer coverage
Approximately 166,000 customers

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

ENVIRO (NZ) LIMITED
NEW ZEALAND

Business
A diversified, vertically integrated waste management business that has national coverage in New Zealand

Facilities
A network of collection facilities at 18 locations nationwide, 14 transfer stations, 3 landfills and a fleet of over 290 vehicles

Consumer coverage
More than 500,000 commercial and residential customers

CKI's shareholding
100%

Infrastructure Investment in CONTINENTAL EUROPE

DUTCH ENVIRO ENERGY HOLDINGS B.V.
THE NETHERLANDS

Business
Owns the largest energy-from-waste player in the Netherlands, AVR, which operates 5 waste treatment plants in Rozenburg and Duiven; as well as 4 transfer stations

Capacity (plants)
Energy from Waste – 1,700 kilo tonnes per year
Biomass Energy – 140 kilo tonnes per year
Liquid Waste – 270 kilo tonnes per year
Paper Residue Incineration – 160 kilo tonnes per year

Capacity (transfer stations)
1,000 kilo tonnes per year

CKI's shareholding
35% (another 20% held by Power Assets)

PORTUGAL RENEWABLE ENERGY
PORTUGAL

Business
One of the largest wind energy companies in Portugal

Generating Capacity Wind Power:
About 700 MW

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

Infrastructure Investment in CANADA

CANADIAN POWER HOLDINGS INC.
CANADA

Business
Owns 49.99% share of TransAlta Cogeneration, L.P. which operates five power plants in the provinces of Ontario and Alberta as well as 100% of the Meridian Cogeneration Plant in Saskatchewan

Generation capacity
Six power plants with total gross capacity of 1,368 MW

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

PARK'N FLY
CANADA

Business
The largest off-airport car park provider in Canada and the only national operator. The company provides parking facilities in Toronto, Vancouver, Montreal, Edmonton, Ottawa and Halifax

CKI's shareholding
50%

Infrastructure Investment in 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%

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%

TANGSHAN TANGLE ROAD

HEBEI, CHINA

Location
Tangshan, Hebei Province

Road type
Class 2 highway

Length
100 km

No. of lanes
Dual one-lane

Joint venture contract date
1997

Joint venture expiry date
2019

Total project cost
HK$187 million

CKI's investment
HK$95 million

CKI's interest in JV
51%

JIANGMEN CHAOLIAN BRIDGE

GUANGDONG, CHINA

Location
Jiangmen, Guangdong Province

Road type
Bridge

Length
2 km

No. of lanes
Dual two-lane

Joint venture contract date
1997

Joint venture expiry date
2027

Total project cost
HK$130 million

CKI's investment
HK$65 million

CKI's interest in JV
50%

CHANGSHA WUJIALING AND WUYILU BRIDGES

HUNAN, CHINA

Location
Changsha, Hunan Province

Road type
Bridge

Length
5 km

No. of lanes
Dual two-lane

Joint venture contract date
1997

Joint venture expiry date
2022

Total project cost
HK$465 million

CKI's investment
HK$206 million

CKI's interest in JV
44.2%

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%

Investment in
INFRASTRUCTURE RELATED BUSINESS

ALLIANCE CONSTRUCTION MATERIALS LIMITED
HONG KONG

CONCRETE DIVISION

Business
Hong Kong's largest concrete producer

Total capacity
4 million cubic meters per annum

CKI's interest
50%

QUARRY DIVISION

Business
1 quarry in Hong Kong and 1 quarry in China, with sole distribution rights for another quarry in China for sales into Hong Kong

Total capacity (aggregates)
6 million tonnes per annum

CKI's interest
50%

GREEN ISLAND CEMENT COMPANY, LIMITED
HONG KONG

Business
The only fully integrated cement producer in Hong Kong

Total capacity
Clinker – 1.5 million tonnes per annum
Cement grinding – 2.5 million tonnes per annum

CKI's interest
100%

GREEN ISLAND CEMENT (YUNFU) COMPANY LIMITED
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Total capacity
Clinker – 1.5 million tonnes per annum
Cement grinding – 1.3 million tonnes per annum

CKI's interest
100%

GUANGDONG GITIC GREEN ISLAND CEMENT CO. LTD.
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province
Business
Cement production
Total capacity
Clinker – 0.8 million tonnes per annum
Cement grinding – 1.5 million tonnes per annum
CKI's interest
67%

SIQUIJOR LIMESTONE QUARRY
PHILIPPINES

Location
Siquijor, Philippines
Business
Limestone quarry
Total capacity
2 million tonnes per annum
CKI's interest
40%

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)

FOK Kin Ning, Canning (Deputy Chairman)
CHOW WOO Mo Fong, Susan *
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)

* also alternate to FOK Kin Ning, Canning and Frank John SIXT

Independent Non-executive Directors

CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
Colin Stevens RUSSEL
LAN Hong Tsung, David
Barrie COOK

Non-executive Directors

LEE Pui Ling, Angelina
George Colin MAGNUS

Alternate Directors

MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

AUDIT COMMITTEE

Colin Stevens RUSSEL (Chairman)
CHEONG Ying Chew, Henry
KWOK Eva Lee
SNG Sow-mei alias POON Sow Mei
LAN Hong Tsung, David

REMUNERATION COMMITTEE

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

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
Credit Agricole Corporate and Investment Bank
Mizuho Bank, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

12th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08, 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 Cheung Kong Infrastructure Holdings Limited, please contact:

Ivan CHAN

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Facsimile: (852) 2501 4550
Email: contact@cki.com.hk

KEY DATES

Annual Results Announcement	16th March, 2016
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	9th May, 2016 to 12th May, 2016 *(both days inclusive)*
Annual General Meeting	12th May, 2016
Record Date (for determination of shareholders who qualify for the Final Dividend)	18th May, 2016
Payment of Final Dividend	31st May, 2016

This annual report 2015 ("Annual Report") is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

The Annual Report (both English and Chinese versions) has been posted on the Company's website at www.cki.com.hk. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Annual Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will upon request in writing to the Company c/o the Company's Branch Share Registrar or by email to cki.ecom@computershare.com.hk promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Branch Share Registrar or sending a notice to cki.ecom@computershare.com.hk.

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

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