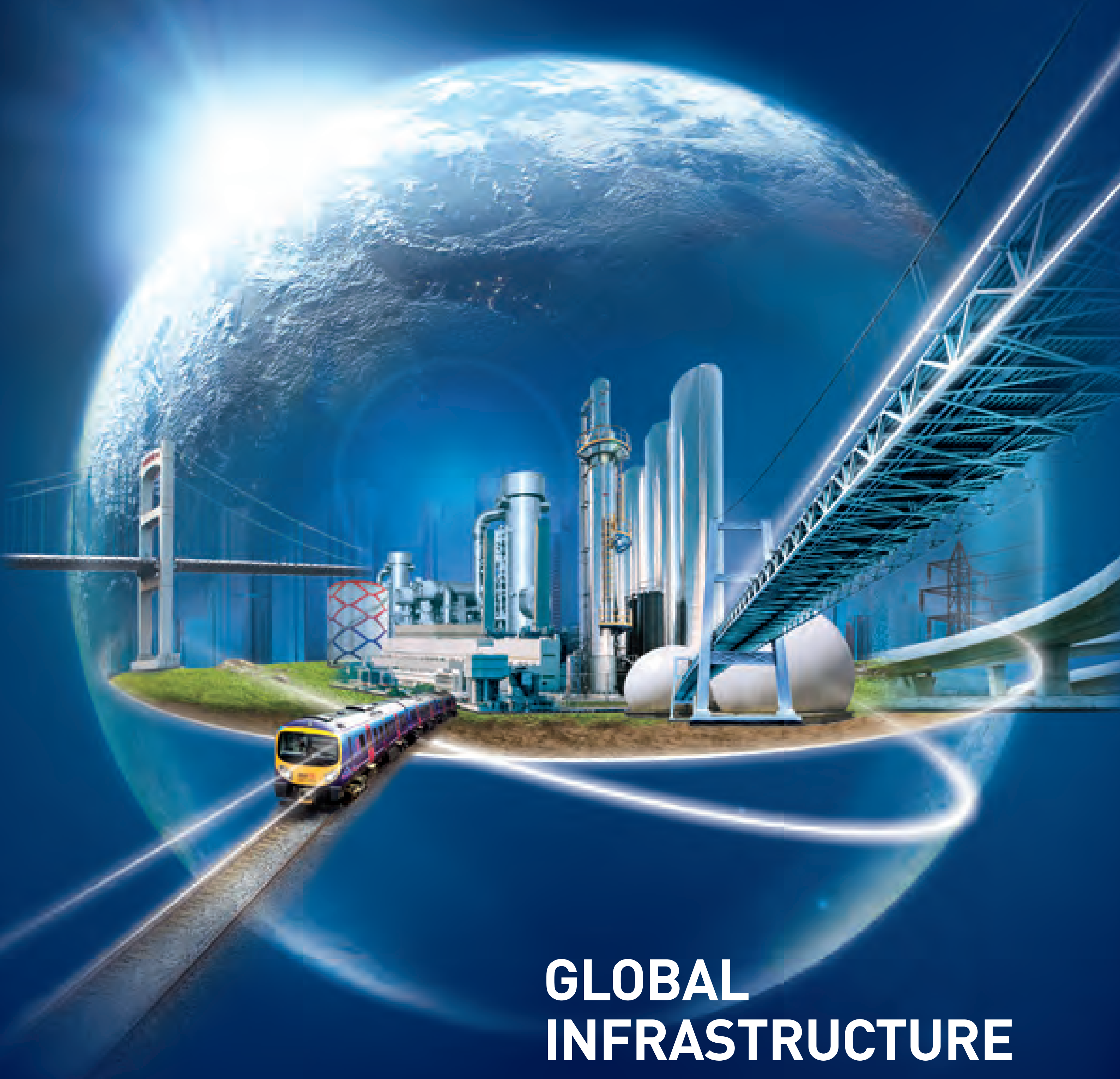
CK Infrastructure Holdings Limited

長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)



GLOBAL INFRASTRUCTURE PLAYER

Annual Report 2020

CKI

A Leading Player in the Global Infrastructure Arena

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

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2020 KEY FIGURES

24
Consecutive Years of Dividend Growth Since Listing

7.8
Funds from Operations (HK$ billion)

7,320
Profit Attributable to Shareholders (HK$ million)

13.5
Cash on Hand (HK$ billion)

13.1%
Net Debt to Net Total Capital Ratio

A/Stable
Standard & Poor's Credit Rating

THE BUSINESS

Investment in
POWER ASSETS

- Power Assets

Infrastructure Investments in
UNITED KINGDOM

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

Infrastructure Investments in
AUSTRALIA

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

Infrastructure Investments in
NEW ZEALAND

- Wellington Electricity
- EnviroNZ

Infrastructure Investments in
CONTINENTAL EUROPE

- Dutch Enviro Energy
- ista

Infrastructure Investments in
CANADA

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

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA

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

THE PEOPLE

TEN-YEAR FINANCIAL SUMMARY

Consolidated Income Statement Summary

for the year ended 31st December

HK$ million	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Profit attributable to shareholders	**7,320**	10,506	10,443	10,256	9,636	11,162	31,782	11,639	9,427	7,745
Dividends										
Interim dividend paid	**1,713**	1,713	1,713	1,688	1,587	1,512	1,281	1,220	976	854
Proposed final dividend	**4,510**	4,485	4,410	4,309	4,107	3,905	3,716	3,318	3,074	2,724
	6,223	6,198	6,123	5,997	5,694	5,417	4,997	4,538	4,050	3,578

Consolidated Statement of Financial Position Summary

as at 31st December

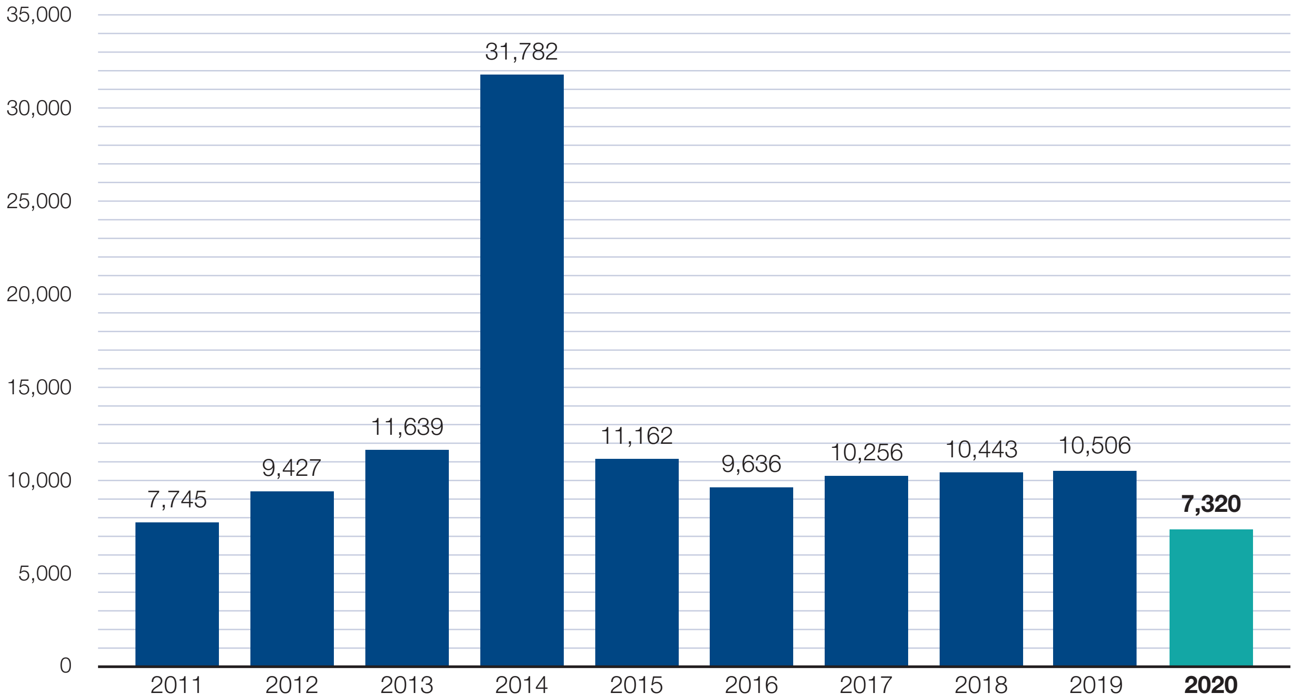
HK$ million	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Property, plant and equipment	**2,965**	2,805	2,508	2,462	2,404	2,379	2,452	2,408	1,477	845
Investment properties	**396**	398	382	360	344	334	305	268	238	206
Interests in associates	**37,133**	36,814	38,191	43,108	52,177	54,004	54,135	34,583	32,737	30,220
Interests in joint ventures	**106,803**	104,952	95,892	98,462	53,973	60,988	52,999	46,244	39,678	33,226
Other financial assets	**1,892**	1,871	7,821	702	648	1,985	3,889	4,599	6,199	5,197
Derivative financial instruments	**126**	1,107	2,448	1,253	2,178	571	86	42	–	158
Goodwill and intangible assets	**2,602**	2,486	2,556	2,569	2,554	2,525	2,877	2,966	–	–
Deferred tax assets	**6**	3	12	7	29	21	15	20	22	15
Other non-current assets	**–**	–	–	136	64	17	–	–	–	–
Current assets	**15,488**	14,748	7,960	10,755	13,539	9,278	9,312	8,778	8,191	6,956
Total assets	**167,411**	165,184	157,770	159,814	127,910	132,102	126,070	99,908	88,542	76,823
Current liabilities	**(11,024)**	(10,303)	(6,287)	(15,669)	(13,837)	(3,681)	(6,571)	(5,040)	(3,291)	(13,527)
Non-current liabilities	**(30,125)**	(28,507)	(29,579)	(25,953)	(7,886)	(17,862)	(17,753)	(14,270)	(11,870)	(3,524)
Total liabilities	**(41,149)**	(38,810)	(35,866)	(41,622)	(21,723)	(21,543)	(24,324)	(19,310)	(15,161)	(17,051)
Perpetual capital securities	**(14,701)**	(14,701)	(14,701)	(14,701)	(9,544)	(7,933)	(7,933)	(10,329)	(10,329)	(7,933)
Non-controlling interests	**(119)**	(69)	(30)	(18)	(38)	(55)	(77)	(84)	(89)	(95)
Equity attributable to shareholders	**111,442**	111,604	107,173	103,473	96,605	102,571	93,736	70,185	62,963	51,744

Per Share Data

HK$	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Earnings per share	**2.91**	4.17	4.14	4.07	3.82	4.44	13.03	4.77	3.93	3.38
Dividends per share	**2.470**	2.460	2.430	2.380	2.260	2.150	2.000	1.860	1.660	1.530
Shareholders' equity – net book value per share	**44.23**	44.29	42.54	41.07	38.34	40.71	38.42	28.77	25.81	22.13

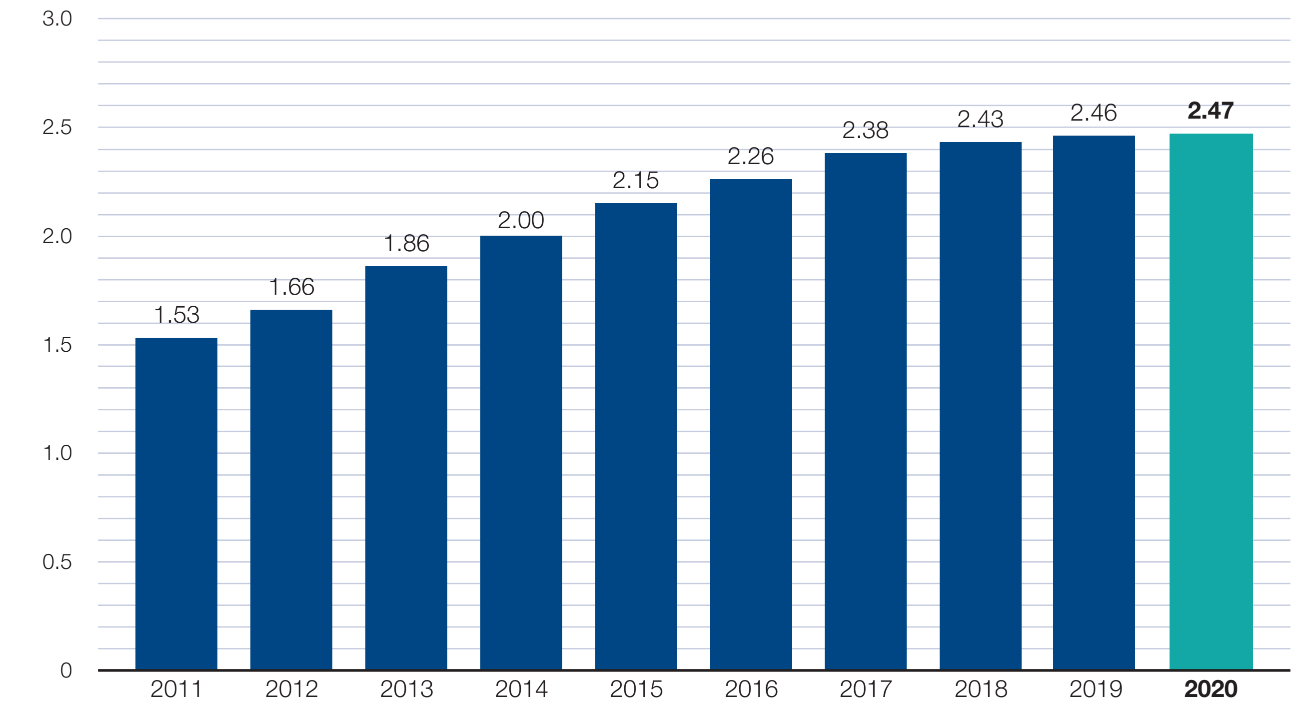
Profit Attributable to Shareholders

(HK$ million)



Dividends Per Share

(HK$)



"Against the COVID-19 pandemic backdrop, funds from operations increased from HK$7.6 billion to HK$7.8 billion. The income base of the Group is rock solid."

VICTOR T K LI
Chairman

CHAIRMAN'S LETTER

FUNDS FROM OPERATIONS INCREASE AMIDST PANDEMIC CHALLENGES

The global COVID-19 pandemic has impacted countries, businesses and people around the world. As well as the immediate implications on health, safety and travel, there have also been devastating effects on economies and markets.

Against this COVID-19 pandemic backdrop, CK Infrastructure Holdings Limited ("CKI", the "Company" or the "Group") has remained relatively steadfast and resilient. Characterised by regulated businesses, the performance of the operating units in different markets around the world have generally been stable, continuing to provide efficient and uninterrupted services to users and delivering an increase in funds from operations.

MAJORITY OF PROFIT DECREASE AMOUNT ARE NON-CASH ITEMS

For 2020, the Group recorded profit attributable to shareholders of HK$7,320 million (2019: HK$10,506 million), representing a year-on-year decrease of 30% (i.e. HK$3,186 million). More than half of the decrease is attributable to non-cash items: (i) the non-cash deferred tax charge of HK$1.4 billion reported in the United Kingdom to reflect the corporate tax rate remaining at 19% (rather than 17% as previously enacted); and (ii) the HK$0.4 billion non-cash higher depreciation charges for UK Rails in the United Kingdom and Energy Developments ("EDL") in Australia. The impact from COVID-19 only accounted for HK$0.6 billion of the decrease. Excluding the above mentioned non-cash items and COVID impacts, the profit decrease is about 7% between 2020 and 2019. Major factors accountable for such decrease are a lower contribution from Northumbrian Water subsequent to the commencement of the new regulatory regime in 2020, and exchange losses.

INCREASE IN FUNDS FROM OPERATIONS

In contrast to the decrease in profit, funds from operations increased from HK$7.6 billion to HK$7.8 billion.

The Group's portfolio as a whole generates continuous recurring cashflow every year. The income base of the Group is rock solid and the business foundation very strong and resilient.

FINANCIAL POSITION FURTHER STRENGTHENED

In 2020, the Group's financial position has been further strengthened with cash on hand of HK$13.5 billion and net debt to net total capital ratio of 13.1% as at 31st December, 2020.

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

24 YEARS OF CONTINUED DIVIDEND GROWTH

The Board of Directors of CKI (the "Board") has recommended a final dividend of HK$1.79 per share. Together with the interim dividend of HK$0.68 per share, the total dividend for the year will amount to HK$2.47, which is 15 times that of the dividend in 1996, the year of listing. This represents 24 consecutive years of dividend growth since then. The proposed dividend will be paid on Wednesday, 2nd June, 2021, subject to approval at the 2021 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 18th May, 2021.

CHAIRMAN'S LETTER

BUSINESS REVIEW

Business Expansion via Acquisitions and Organic Growth

During the year, a number of business expansion activities via acquisitions were carried out. They include ista's acquisition of Hildebrand & Schoenfeldt GmbH & Co. KG in northern Germany and Krohn + Scheddel GmbH & Co. KG in Bad Homburg; and Reliance's acquisitions of the asset portfolios of Field P & H, and TAS Plumbing in Saskatchewan, and Simply Smart in Greater Toronto in Canada. In February 2021, Canadian Power also announced that it has signed an agreement to acquire two wind farms located in the Okanagan region of British Columbia, Canada. The asset base of the Group has continued to grow, providing the framework for more recurring cashflow in the future.

In addition, many of the Group's businesses have embarked on organic growth plans, including Northumbrian Water's new 3.6 million litres capacity water treatment facility, Northern Gas Networks' new 5.5-mile gas pipeline, Victoria Power Networks' several solar farm projects totaling 272 MW in capacity, Dampier Bunbury Pipeline's new major Western Australia gas pipeline, as well as EDL's waste coal mine gas power station in Australia and Renewable Natural Gas plants in the United States.

Power Assets

Profit contribution from Power Assets was HK$2,205 million, a decrease of 14% as compared to last year. The decline mainly resulted from (i) non-cash charges on the remeasurement of deferred tax liabilities in the United Kingdom; (ii) lower contribution from Mainland China resulting from the expiry of two coal-fired power station ventures in 2019.

In Hong Kong, HK Electric continued to achieve a solid operating performance and served the community well during the onset of COVID-19.

United Kingdom Infrastructure Portfolio

Profit contribution from the United Kingdom was reduced by 44% to HK$2,603 million. This decrease can be attributed to several key factors:

(i) the non-cash deferred tax loss due to changes in the corporate tax rate;
(ii) the commencement of a new regulatory reset for Northumbrian Water on 1st April, 2020, which resulted in lower revenues to the Group;
(iii) higher depreciation for UK Rails; and
(vi) rising costs associated with COVID-19.

The Group's regulated water and gas businesses in the United Kingdom are going through tough regulatory reset processes as regulators set stringent parameters for the resets against a challenging macro-economic backdrop combined with a low interest rate environment. CKI's management teams have worked diligently to propose improvements to strike a good balance between the interests of customers, shareholders and other stakeholders, and to ensure that the overall financial and operational health of the respective businesses are sustainable.

The first in the Group's United Kingdom portfolio to commence a new regulatory period is Northumbrian Water (April 2020), followed by Northern Gas Networks and Wales & West Gas Networks (April 2021). The current regulatory regime of UK Power Networks will remain in place until March 2023.

As the terms of the new determination as set by the regulator are more stringent than in previous periods, Northumbrian Water has elected to challenge the determination through the Competition and Markets Authority ("CMA") appeal process. The final terms of the CMA's redetermination showed improvements.

The final determinations for Northern Gas Networks and Wales & West Gas Networks were released in December 2020. Both companies have also decided to appeal to the CMA.

In terms of operations, all the businesses performed very well despite disruptions posed by COVID-19. They have all continued to deliver good quality uninterrupted services to customers. A number of awards have also been attained including UK Power Networks' "Network of the Year 2020"; Northumbrian Water's "Water Company of the Year"; Northern Gas Networks and Wales & West Gas Networks' RoSPA (Royal Society for the Prevention of Accidents) Gold Awards; and UK Rails' Gold, Silver and Bronze awards in the industry award programme Golden Spanner Awards.

Australian Infrastructure Portfolio

In Australia, profit contribution dropped 11% to HK$1,864 million mainly due to higher depreciation for EDL and the impact of COVID-19.

The regulated businesses in Australia are also encountering regulatory resets. SA Power Networks' new regulatory period started on 1st July, 2020, while that for Dampier Bunbury Pipeline commenced in January 2021. Victoria Power Networks, United Energy, and the businesses of Australian Gas Networks in South Australia and Queensland will enter into new regulatory resets on 1st July, 2021.

In terms of operations, despite the challenges presented by this unprecedented year, all of the Group's regulated businesses in Australia reported excellent performances. CKI's four networks – SA Power Networks, CitiPower, Powercor and United Energy – were ranked first, second, third and fourth respectively in the most efficient distribution network table in Australia in the Annual Benchmarking Report released by the Australian Energy Regulator ("AER"). Additionally, Australian Gas Networks was named winner of the Australian Engineering Excellence Award for South Australia for its renewable hydrogen project.

The performance of EDL was negatively impacted by lower green credit revenue. For business development, the company launched a series of expansion projects during the year.

Infrastructure Portfolio in Continental Europe

In Continental Europe, profit contribution rose 98% to HK$1,550 million. All businesses in Continental Europe generated increase in profit contribution.

ista and Dutch Enviro Energy achieved solid operational performances. During the year, ista's acquisitions have integrated well with current operations and have started to bring in additional revenues. Dutch Enviro Energy's new contract with The Hague municipality started on 1st March, 2020, giving the company an assurance of an additional revenue stream for the coming years.

Portugal Renewable Energy was divested in October 2020. Revenue from this business in the first half of the year was adversely affected by weaker wind resource. The divestment gain resulted in profit contribution in 2020 recording an increase over 2019.

Canadian Infrastructure Portfolio

In Canada, profit contribution was HK$268 million, a decline of 20% from the previous year. The decrease was due to the negative COVID-19 impact experienced by Park'N Fly; revenue for this business declined significantly as airports have been running at extremely low capacity since March 2020 with its consequent impact on off-airport car parking.

Reliance Home Comfort recorded a strong performance in profit contribution. The three bolt-on acquisitions in the year further strengthened the company's revenue streams and business foundation.

Canadian Midstream Assets posted satisfactory financial results for the Group, with strong income protection from the preferential arrangement with Husky Energy. During the year, Husky Energy announced a merger with Cenovus Energy, however the move has not affected the Group's contract with Canadian Midstream Assets.

New Zealand Portfolio

The New Zealand market reported profit contribution of HK$136 million, a decrease of 22%. This drop is mainly attributed to a lower contribution from EnviroNZ whose business was impacted by reduced volumes due to COVID-19.

Profit contribution from Wellington Electricity was similar to 2019. The three-year Earthquake Readiness Programme approved by the New Zealand Commerce Commission which commenced in 2018 continued to be carried out in 2020 despite the periodic COVID-19 lockdowns. Over 70% of the entire Programme was completed by the end of 2020 with the remainder to be completed in 2021. The Programme aims to strengthen the network's readiness and reduce outage times following major earthquakes.

Hong Kong and Mainland China Business

In Hong Kong and Mainland China, CKI's portfolio showed a decline of 22% in profit contribution to HK$290 million. While the Group's materials businesses had a solid performance with positive growth in profit contribution, the Mainland China portfolio reported a decrease over the previous year as (i) toll revenue was negatively impacted by COVID-19, and (ii) a one-off divestment gain was generated from the sale of the Changsha Wujialing and Wuyilu Bridges back to the Mainland Chinese partner in 2019.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In December 2020, a dedicated Sustainability Committee was formed for CKI. CKI is keenly involved with all aspects of ESG and has a set of clearly defined ESG policies. In addition to adhering to the policies, our management teams often take the initiative to launch projects which are in support of ESG.

Many of our businesses have received numerous accolades for their contributions in this aspect especially in the area of environmental sustainability. Some of the environmental activities carried out involve launching trials in regards to transporting hydrogen in gas networks in the United Kingdom and Australia; and the development of hydrogen trains in the United Kingdom. As hydrogen is a major green energy of the future, the Group will continue to promote its usage. Other environmental projects of the Group include mega-hybrid renewable energy projects in remote regions of Australia; investing in advanced technology to increase the intake of solar energy into electricity grids in Australia; capturing and converting methane gas to energy in New Zealand; generating energy from municipal waste in Continental Europe; as well as investing in the new wind farms in Okanagan, Canada.

OUTLOOK

While there is cause for optimism on the pandemic front with the roll-out of various COVID-19 vaccines and the much-anticipated return to normal business activity, there remain significant uncertainties and difficulties for the global economies.

The Group's sizeable portfolio of regulated businesses are protected by secure regimes. For the unregulated businesses, many operate with a focus on secure business models and long-term contracts. As the world markets look forward to the resumption of normal daily life and activities, the Group is optimistic that business in our portfolio (particularly in the unregulated industries) will rebound.

In today's low interest and economically volatile environment, the value of CKI's global portfolio of high quality infrastructure assets – featuring healthy, solid operations with strong recurring income – is to be even more appreciated.

We are confident that growth opportunities will arise in the coming future as the COVID-19 situation improves and normality resumes. The Group is poised to continue its path of growth, both organically and via acquisitions based on its strong balance sheet and the solid revenue streams of our existing businesses.

Over the years, CKI has proven our track record as one of the key global infrastructure players. Our strong financials and extensive experience and knowledge give us an edge in securing new mega-acquisitions. CKI's flexibility in forming alliances with other members of the CK Group, namely CK Asset and Power Assets, further strengthens our strategic advantage.

One of the key tenets of CKI's operating philosophy is to maintain the optimal balance between stability and growth, and to uphold a fine equilibrium between continued earnings growth and a comfortable gearing position. As the Group pursues new expansion opportunities, we will continue to adhere to our strict investment discipline and will not pursue any acquisitions with a "must-win" mentality, utmost priority will be placed on upholding our strict investment criteria that add value to our entire portfolio.

At this juncture, I would like to give special thanks to the management and staff of all our businesses during this time of COVID-19 for showing their unwavering commitment to ensure that reliable electricity, gas, water, heating, waste management and other services have been provided to customers. Despite the ongoing disruptions caused by COVID-19, all our businesses which provide essential services in the United Kingdom, Australia, New Zealand, Canada, Continental Europe, Hong Kong and Mainland China have achieved excellent operational performances and reliability of service.

I would like to take this opportunity to thank the Board for their unwavering commitment, our dedicated staff for their valuable efforts and our stakeholders for continued support during this challenging period.

VICTOR T K LI
Chairman

17th March, 2021

GROUP MANAGING DIRECTOR'S REPORT

CKI – STRONG RESILIENCE IN CHALLENGING TIMES

The challenges brought by COVID-19 are unprecedented in nature and scale. Nevertheless, our operations around the world showed great resilience and continued to deliver uninterrupted essential services to our customers at a time when these services were needed most. The defensiveness of our infrastructure portfolio is clearly demonstrated by the stable cash flow generation from our businesses as a whole.

Our profit attributable to shareholders in 2020 was HK$7.3 billion, a decrease of HK$3.2 billion or 30% compared to 2019. However, the majority of the decrease was attributable to non-cash items including the deferred tax provisions in the United Kingdom (amounting to HK$1.4 billion) and higher depreciation charges for UK Rails and EDL (amounting to HK$0.4 billion), as well as the COVID-19 impact, which was approximately HK$0.6 billion. Excluding the items above, the profit decrease is around 7% compared to 2019.

Incidentally, the operating cash flows may reflect a more accurate picture of the steadiness and healthiness of the Group's financial performance. Funds from operations ("FFO") in 2020 increased to HK$7.8 billion from HK$7.6 billion in 2019. The FFO mainly comprise cash proceeds, i.e. dividends from our business units around the world. As most of our businesses are either regulated businesses or businesses protected by long-term contracts, they are able to generate strong cash flow to the Group despite the operating challenges presented this year. The strong cash flows are one of the key pillars that have allowed CKI to sustain continuous dividend growth to our shareholders over the past 24 years.

RESILIENT OPERATIONAL PERFORMANCE

Our infrastructure portfolio mainly comprises essential services including electricity distribution networks, gas transmission and distribution networks, water utilities, energy infrastructure, transportation infrastructure, household infrastructure and waste management.

The performance of CKI's regulated utility companies, such as electricity distribution networks, water utilities, gas transmission and distribution networks, remained steadfast and strong during the period. Utility companies were deemed essential services. Frontline staff continued to provide efficient and uninterrupted services to customers during the pandemic.

Many of our unregulated businesses also performed satisfactorily in the year. The performance of our British rolling stock company, UK Rails as well as Canadian Midstream Assets were not affected by the pandemic, given they are backed by long-term contracts. Likewise, Dutch Enviro Energy continued to run its waste-to-energy business and delivered on-budget performance. Reliance Home Comfort and ista, the household infrastructure businesses in Canada and Continental Europe, respectively, delivered solid performance as demand in home equipment and sub-metering services remained strong despite lockdown measures.

Two businesses were severely impacted by the pandemic. As their size are relatively small in the Group's overall infrastructure portfolio, their impact to the overall financial performance is manageable. Park'N Fly in Canada, an off-airport parking business, which is almost entirely dependent on air traffic, was severely affected in 2020. EnviroNZ's waste management business in New Zealand also suffered as the nationwide lockdown in 2020 led to a halt of waste collection in commercial areas. In both businesses, the management responded quickly, focusing on cost management and seeking alternative revenue streams where possible. They are expected to rebound strongly once the COVID-19 situation improves.

COVID-19 IMPACT ON STAFF HEALTH

The pandemic presented many obstacles at the operational level. Amidst the crisis, our companies remained vigilant, took stringent measures and observed extensive safety protocols. Group companies worked together to ensure scarce Personal Protective Equipment ("PPE") was distributed and delivered to those who had the greatest or most urgent need for such PPE. This helped us to deliver uninterrupted services to customers. Despite this, it is unfortunate that some of our employees were infected. Out of around 30,000 employees of the global CKI family, there were 1,101 confirmed COVID-19 cases recorded as of 17th March, 2021, an infection rate of roughly 3% of our global workforce. Of these, four cases proved fatal. I hereby express my deepest sympathy and condolences to the affected families.

DEALING WITH REGULATORY RESETS

Since listing in 1996, CKI's regulated businesses have been through multiple reset procedures. In Hong Kong, HK Electric has experienced two resets. In the United Kingdom, our utility companies have been through a combined eight resets, in Australia 16, and in New Zealand three. Regulatory resets are invariably challenging processes, as the regulators balance the interests of different stakeholders, including operators and customers, and accordingly affordability of utility prices, efficiency of operations and sustainability of long-term investment.

As a global player in the energy infrastructure sector, CKI's management teams in different regions are not only familiar with local practices but are also diligent in maintaining robust engagement with stakeholders. Most importantly, they possess deep local reset knowledge and extensive experience; which are regularly shared amongst group companies both domestically and internationally.

GROUP MANAGING DIRECTOR'S REPORT

The Group's regulated businesses in the United Kingdom and Australia will be going through regulatory reset processes in the near future. We have observed that the regulators in general are becoming increasingly stringent towards the reset parameters amidst the challenging macro-economic environment.

The process for the 2020-2025 regulatory reset for Northumbrian Water is very close to completion. As the terms of the new determination set by the regulator were more stringent than in previous periods, Northumbrian Water elected to challenge the determination by appealing to the Competition and Markets Authority ("CMA"). The final terms of the CMA's redetermination showed improvements.

The final determinations for Northern Gas Networks and Wales & West Gas Networks were released in December 2020. Both companies have also lodged appeals with the CMA.

Moving forward, CKI's management teams will continue to address the reset challenges by working co-operatively to strike a healthy balance between the interests of customers, shareholders and other stakeholders, and to ensure that the overall financial, operational and environmental health of the respective businesses are sustainable.

Once the reset processes are complete, the final determinations for the new regulatory periods will provide a high degree of predictability of each company's income stream for the next five years.

Regulatory reset schedule of CKI companies is as follows:

Companies	Commencement of New Regulatory Period
UK	
Northumbrian Water	April 2020
Northern Gas Networks and Wales & West Gas Networks	April 2021
UK Power Networks	April 2023
Australia	
SA Power Networks	July 2020
Dampier Bunbury Pipeline	January 2021
Victoria Power Networks	July 2021
United Energy	July 2021
Australian Gas Networks' South Australian network	July 2021
Multinet Gas	July 2023
New Zealand	
Wellington Electricity	April 2021

ORGANIC BUSINESS DEVELOPMENT IN 2020

Despite the pandemic, CKI's group companies around the globe have continued to achieve growth both organically and through targeted acquisitions, focusing on opportunities that are not only profitable but also environmentally sustainable. In particular, group companies have been engaged in developing solutions to achieve a sustainable and decarbonised environment.

In the United Kingdom, UK Power Networks began introducing amorphous steel core transformers at substations and using low carbon concrete at construction sites to reduce carbon dioxide emissions. Northumbrian Water is in the process of installing an ultraviolet light disinfection system for water treatment. Northern Gas Networks and Wales & West Gas Networks have been engaging in the research to add a portion of hydrogen in their gas distribution networks, enabling the reduction of greenhouse gas emissions; and UK Rails completed deliveries of its new Class 331 and 397 fleets and has renewed leases on 10 of its 22 fleets.

Operations in Australian Gas Networks were carried out smoothly despite challenges presented by the pandemic, and its initiatives in hydrogen were rolled out in South Australia and Queensland. Multinet Gas replaced its old cast iron mains ahead of schedule, and Dampier Bunbury Pipeline signed a contract for the Waitsia expansion project. EDL on the other hand, further extended its footprint in the United States by developing a renewable natural gas plant at the Indianapolis South Side Landfill in Indiana. Victoria Power Networks has recently completed the construction of the 62 MW Jemalong Solar Farm, the 106 MW Yatpool Solar Farm and the 12 MW Melbourne Airport solar farm. The SA Water Zero Cost Energy Future programme being delivered by SA Power Networks continues to progress extremely well, with construction completed on 30 of the 33 sites and the remainder to be completed by 30th April, 2021. The programme will see around 368,000 panels installed across SA Waters infrastructure and generate 154 MW of green electricity as well as providing storage capability of 35 MWh.

In New Zealand, Wellington Electricity's three-year Earthquake Readiness Programme is near completion, while EnviroNZ secured several new long-term municipal council contracts.

In Continental Europe, Dutch Enviro Energy secured a new contract with The Hague municipality and all municipalities in the Province of Utrecht to process residual waste. ista meanwhile launched a new heat meter module in the Netherlands, Italy, Poland and Germany.

In Canada, Canadian Power completed the first stage of coal-firing to gas-firing conversion at the Sheerness power station in Alberta. Park'N Fly implemented a series of cost reduction measures to address the challenges brought by the pandemic. Canadian Midstream Assets successfully completed various expansion projects, and Reliance Home Comfort made three acquisitions in 2020 to further expand its business portfolio.

In Hong Kong and Mainland China, HK Electric, the flagship company under Power Assets, stepped up its proportion of gas-fired electricity generation to 50% with the commissioning of L10, a new gas-fired generating unit. Green Island Cement commenced the operation of its new slag-grinding plant, and Alliance Construction Materials was granted the Platinum Label by Construction Industry Council Green Product Certification for its green concrete products.

DISTINGUISHED OPERATIONAL PERFORMANCE

The pandemic-induced turbulence tested our resolve and resilience in weathering the storm. Despite the challenges in 2020, CKI member companies achieved distinguished performance in many aspects, including technological innovation, customer service, operational excellence, CSR and sustainability initiatives. These were recognised with multiple awards presented by prestigious organisations from around the world.

Altogether, 67 awards were presented to CKI member companies in 2020.

GROUP MANAGING DIRECTOR'S REPORT

AWARDS

CK INFRASTRUCTURE

Hong Kong Institute of Financial Analysts and Professional Commentators
- Outstanding Listed Company Award 2020

CAPITAL WEEKLY
- The Listed Enterprise Excellence Awards 2020 – Corporate Governance

InnoESG Prize 2020
- ESG Prize

UK POWER NETWORKS

Network Awards 2020
- Network of the Year 2020
- Stakeholder Engagement Initiative of the Year

Investors in People
- Investors in People Platinum Award

The Sunday Times
- Top 25 Best Big Companies to Work For 2020

Charity Times Awards
- Corporate Social Responsibility Project of the Year

Engineering Talent Awards
- Best Project of the Year

Corporate and Financial Awards
- Best Online Report – Gold
- Best Printed Report Unlisted – Silver
- Best Corporate Website

Global Good Awards UK 2020
- Technology for Good Award

Energy Institute Awards 2020
- Innovative Technology Award

Utility Week Awards 2020
- Disruptor of the Year Award

NORTHERN GAS NETWORKS

The Royal Society for the Prevention of Accidents Health and Safety Awards 2020
- Gold Award

Pipeline Industries Guild
- Best Land-based/ Onshore Pipeline Concept Award

National Site Awards 2020
- Most Considerate Site Under £500k
- Gold Awards
- Silver Awards
- Bronze Awards

NORTHUMBRIAN WATER

Ethisphere Institute
- World's Most Ethical Companies List

Water Industry Awards 2020
- Water Company of the Year

Business in the Community
- The UPS Environmental Sustainability Award – Responsible Business Champion 2020

Chartered Institution of Water and Environmental Management – Urban Drainage Group
- WaPUG Prize

Utilities & Telecoms Awards
- Best Contact Centre Team

WALES & WEST GAS NETWORKS

The Royal Society for the Prevention of Accidents Health and Safety Awards 2020
- Oil and Gas Industry Sector Winner
- Gold Award

Network Awards 2020
- Partnership Initiative of the Year

Business in the Community
- Responsible Business Champions Cymru 2020

UK RAILS

The Golden Spanner Awards 2020
- Gold Spanners (The Most Reliable Train Fleet of its Class) for Class 455, IC225, Class 222, Class 171, Class 195
- Silver Spanners (The Most Improved Train Fleet of its Class) for Class 315
- Bronze Spanners (For the Fastest Incident Recovery) for Class 334

AUSTRALIAN GAS NETWORKS

Energy Networks Australia
- Consumer Engagement Award

Engineers Australia
- Australian Engineering Excellence Award – South Australia Division

Australian Pipelines and Gas Association
- Environment Award

South Australian Premier's Awards for Energy and Mining 2020
- Commendation: Energy Sector – Innovation and Collaboration

SA POWER NETWORKS

Australian Training Awards 2020
- Large Employer of the Year 2020

Energy Networks Australia
- 2020 Industry Innovation Award

Digital Utility Awards 2020
- Best Use of New Technology Award

2020 AIPM Project Management Achievement Awards
- SA Project of the Year

VICTORIA POWER NETWORKS

2020 AIPM Project Management Achievement Awards
- National PMAA for Small Projects
- Victorian Chapter PMAA – Project Winner

ENERGY DEVELOPMENTS

Engineers Australia
- Australian Engineering Excellence Award – Western Australia Division

Charlton Media Group Asian Power Awards
- Innovative Power Technology of the Year

S&P Global Platts 2020 Global Energy Awards
- Engineering Solution of the Year

ENVIRO (NZ)

2020 Australasian Fleet Champions Awards
- Safe Vehicles Award – Highly Commended

WELLINGTON ELECTRICITY

Volunteering Wellington
- Mahi Aroha Award

ISTA

Top Employers Institute
- Top Employer Award

AUBI-plus
- Best Place to Learn

RELIANCE HOME COMFORT

Greater Toronto Area Contact Centre Association Annual Award
- Rising Above Team Award

Durham Region Home Builders' Association
- Supplier of the Year

HomeStars 2020
- Best of Award

United Way Alberta
- Best Small Business Campaign

GREEN ISLAND CEMENT

Green Council
- Hong Kong Green Awards

Environmental Campaign Committee
- Hong Kong Awards for Environmental Excellence – Silver Award (Manufacturing and Industrial Services)

The Employees Retraining Board ERB Manpower Developer Award Scheme
- Manpower Developer (2014 – 2022)

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

ALLIANCE CONSTRUCTION MATERIALS

Occupational Safety and Health Council
- Safety Performance Award

Hong Kong Construction Association
- Proactive Safety Contractor Award
- Safe Person-In-Charge Award
- Safe Supervisor Award

Build4Asia and PRC Magazine
- Outstanding Building Materials Award

Hong Kong ESG Reporting Awards
- Recognition on ESG Disclosure

Environmental Campaign Committee
- Hong Kong Awards for Environmental Excellence – Certificate of Merit (Manufacturing and Industrial Services)
- WasteWise Certificate

The Hong Kong General Chamber of Small and Medium Business
- Partner Employer Award 2020

GROUP MANAGING DIRECTOR'S REPORT

2020 – A YEAR OF SIGNIFICANT ANNIVERSARIES

For CKI, 2020 will be remembered as a year of resilience. It is also a year which we marked the anniversaries of some of our businesses.

- Powercor in Australia, celebrated its 20th anniversary as a member of the CKI family;
- Northern Gas Networks in the United Kingdom, marked its 15th anniversary; and
- UK Power Networks in the United Kingdom, marked its 10th anniversary

They have all made great contributions to develop what CKI is today – dynamic, resilient, visionary, solid, secure, commitment to excellence… to name just a few of the characteristics.

DEDICATE OUR ACCOMPLISHMENTS TO COLLEAGUES WORLDWIDE

I would like to take this opportunity to express my sincere gratitude and appreciation to each and every colleague at CKI. Their selfless contributions have enabled the provision of reliable and uninterrupted infrastructure services to their respective communities around the world. Their unwavering commitment to excellence and integrity in performing their duties has helped the Group to withstand the impact brought by the pandemic.

While it may take a while for societies around the world to return to normalcy, CKI is primed to prosper and achieve new heights in the years ahead. This is due in no small part to our dedicated colleagues who have built a solid foundation for our success. It is fitting for me to dedicate the Group's accomplishments to our colleagues – the most important asset of CKI.

H L KAM
Group Managing Director

17th March, 2021

LONG TERM DEVELOPMENT STRATEGY

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

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

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

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

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

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

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

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

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2020, CKI had cash on hand of HK$13.5 billion, and gearing remained low at a net debt to net total capital ratio of 13.1%. CKI enjoys low funding cost with a Standard & Poor's "A/Stable" rating. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

BUSINESS REVIEW

Investment in
POWER ASSETS

Infrastructure Investments in
UNITED KINGDOM

Infrastructure Investments in
AUSTRALIA

Infrastructure Investments in
NEW ZEALAND

Infrastructure Investments in

CONTINENTAL EUROPE

Infrastructure Investments in

CANADA

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

Investment in

POWER ASSETS

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

During 2020, the low-risk, diversified business model of the Power Assets Group ("Power Assets" or the "Group"), with regulated businesses or outputs governed by long-term purchase contracts delivered strong income streams. The funds received from operations in 2020 have increased from 2019's HK$5,368 million to HK$5,533 million.

Power Assets' business model insulated it to a great degree from the macroeconomic impact of the global COVID-19 pandemic. For the year ended 31st December, 2020, operating profits were in line with expectations.

The Group's profits attributable to shareholders amounted to HK$6,132 million (2019: HK$7,131 million). The decrease was primarily due to the one-off non-cash charges on the remeasurement of deferred tax liabilities in the UK (HK$780 million).

The Group's financial position remained strong, with a net cash of approximately HK$1.8 billion as at 31st December, 2020, increased from 2019's HK$1.6 billion. During the year, Standard & Poor's has reaffirmed the Group's credit rating of "A/Stable".

Lockdowns in many parts of the world affected Power Assets' revenues from the commercial segments, which were offset by increased revenues from the residential sectors. The Group's proactive investments in resilience paid off with all companies maintaining high reliability and customer service standards.

In 2020, Power Assets' flagship company HK Electric stepped up its proportion of gas-fired electricity generation to 50% with the commissioning of L10, a new gas-fired generating unit. Despite the restrictions caused by COVID-19, the company pushed forward with its five-year development plan which will see gas-fired generation grow further to 70% of total output by the end of 2023. Construction of two other new gas-fired units, L11 and L12, progressed satisfactorily.

The UK operating companies in electricity and gas distribution maintained their leading positions for reliability and customer service, securing incentive payments from the regulator Ofgem.

The operating companies in Australia reported good underlying performance, though it was partly offset by the adverse effects of the COVID-19 pandemic. Securing satisfactory outcomes in regulatory resets and transforming distribution networks to support increased green energy were the twin priorities during the year.

In Mainland China, the Jinwan electricity and heat co-generation power plant achieved all its operating parameters. The two wind farms in Dali and Laoting delivered stable and smooth operations, jointly offsetting 199,000 tonnes of carbon emission during the year.

In Canada, the construction of the three long-term contracted crude oil storage tanks in Hardisty was completed by Husky Midstream, adding 1.5 million barrels of incremental storage capacity. In February 2021, with the Group's support, Canadian Power entered into an agreement to acquire 100% interest of two wind farms in British Columbia in Canada, namely Pennask Wind Farm and Shinish Creek Wind Farm.

AVR-Afvalverwerking B.V. in the Netherlands maintained its success in generating energy-from-waste. In Portugal, Power Assets disposed of its interest in Iberwind during the year.

In New Zealand, Wellington Electricity Lines achieved customer service targets with strong network reliability; while in Thailand, Ratchaburi Power Plant met all its operating targets.

Infrastructure Investments in

UNITED KINGDOM

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

UK POWER NETWORKS

UK Power Networks owns three of the 14 regulated electricity distribution networks in Great Britain and distributes electricity to over a quarter of the country's population. The company's networks include approximately 190,000 kilometres of cables, and cover an area of about 29,000 square kilometres. It serves 8.3 million customers across London, the southeast and east of England. Its reliability rating is the highest in the country. The company also has a non-regulated business – UK Power Networks Services – which designs, builds, owns and operates private networks for both public and private sector clients.

UK Power Networks was named "Network of the Year" at the Network Awards 2020 for its industry-leading performance in safety, reliability and innovation. In addition, the company came first in the Smart Grid Index of utilities ranked by Singapore-based SP Group. The Index placed UK Power Networks at the top in its study of 85 utilities across 37 countries. The Index measures the progress that utilities have made against seven key metrics: customer satisfaction and environment; green energy; security; monitoring and control; data analytics; supply reliability and distributed energy resources integration.

In the Broad Measure of Customer Service Incentive Scheme devised by the Office of Gas and Electricity Markets ("Ofgem"), UK Power Networks recorded the highest overall average score in 2020. This score placed UK Power Networks as the top performing Distribution Network Operator in terms of customer service. Ofgem also ranked UK Power Networks as the energy industry leader in its exceptional engagement with stakeholders, including innovative schemes to help the most vulnerable in society.

In addition, UK Power Networks became the first electricity network operator to achieve the coveted Carbon Trust Standard for Carbon in recognition of its achievement in carbon reduction.

UK Power Networks has started rolling out one of the most advanced grid planning and operation digitalisation efforts in the electricity industry. It plans to use the Active Network Management ("ANM") system as its default tool for network operations, grid planning and customer engagement. The ANM system will allow the company to monitor, contract and dispatch distributed energy resources into its network, from renewables and batteries to electric vehicles and other advanced power electronic devices. Moreover, it will allow the distributor to balance load more efficiently and enable future electricity supply and management flexibility services.

During the year, UK Power Networks started introducing state-of-the-art amorphous steel core transformers at substations. 15,000 transformers are to be replaced over time. They will in total save more than 8,500 MWh per year, resulting in carbon dioxide emission savings of almost 2,200 tonnes annually. In addition, low carbon concrete is being used by UK Power Networks at three London electricity construction sites for building new electricity substations; this initiative saves more than 220 tonnes of carbon emissions.

In the Broad Measure of Customer Service Incentive Scheme devised by Ofgem, UK Power Networks recorded the highest overall average score in 2020.

NORTHUMBRIAN WATER

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

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

Northumbrian Water was crowned "The Water Company of the Year" at the Water and Wastewater Treatment Magazine Digital Water Industry Awards in 2020. The company was recognised for its all-round excellence in customer service, agenda-setting innovation, operational resilience and workforce best practice. Furthermore, the company was named a Responsible Business Champion in the 2020 Responsible Business Awards organised by Business in the Community (BITC), recognising its environmental leadership efforts. In addition, Northumbrian Water was included in the World's Most Ethical Companies List 2020 – the ninth time for Northumbrian Water to receive this global recognition from the Ethisphere Institute.

Although some work activities were suspended during the lockdown period, new facility construction and upgrade works were able to continue. The construction of a new facility in Wooler to treat up to 3.6 million litres of water every day is making good progress. It is expected that completion will take place in the summer of 2021. The new facility will replace the existing water treatment works at Fowberry. The works will be fitted out with cutting-edge technology to allow more energy efficient processes to treat water and ensure it is clean and safe. Moreover, Northumbrian Water completed the refurbishment of one of its groundwater stations resulting in water quality improvement and water supplies protection for 140,000 homes across Sunderland and South Tyneside. The modernisation of the water site involved the installation of new filters, pipework and more efficient pumping arrangements.

After a successful trial, Northumbrian Water plans to install innovative ultraviolet light disinfection systems in all of the filters at the Mosswood Water Treatment Works. The powerful ultraviolet light systems will be added to the water treatment process to further improve the quality of the drinking water before it

Northumbrian Water was crowned "The Water Company of the Year" at the Water and Wastewater Treatment Magazine Digital Water Industry Awards in 2020.

travels to water taps. Northumbrian Water is the first in the industry to use this bespoke technology in water disinfection.

In view of the COVID-19 pandemic, Northumbrian Water's Innovation Festival 2020 was held online for the first time in September with almost 3,000 individuals from 37 countries taking part. The virtual event generated many novel ideas to help tackle major societal and environmental challenges. After the Festival, eight different projects received financial backing from Northumbrian Water to help further improve the company's operation; areas involved include customer service, staff wellbeing, leakage prevention and environmental impact.

Northumbrian Water entered a new regulatory period on 1st April, 2020. As the company considered the terms of the new determination as set by the water services regulation authority Ofwat not reasonable, the company has elected to challenge the determination through the Competition and Markets Authority (CMA) appeal process.

NORTHERN GAS NETWORKS

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

Northern Gas Networks, in partnership with Wales & West Gas Networks and other reputable organisations, launched H21, a suite of pioneering projects aimed at proving the existing UK gas networks can be converted to transport 100% hydrogen. Since mid-2020, a hydrogen micro-grid has been under construction in Spadeadam in Cumbria. The facility will be built from a range of decommissioned assets to review, test and make recommendations for amending operational and maintenance procedures for transporting hydrogen. Northern Gas Networks will replicate these tests on an existing but disconnected section of network near Middlesbrough, to provide vital evidence about the compatibility of the existing gas network to transport hydrogen. H21 won the 2020 Pipeline Industries Guild Award for Best Onshore Pipeline Project.

A hydrogen micro-grid is built by Northern Gas Networks from a range of decommissioned assets in Spadeadam in Cumbria to review, test and make recommendations for amending operational and maintenance procedures for transporting hydrogen.

In addition, Northern Gas Networks won a gold award from RoSPA (The Royal Society for the Prevention of Accidents) for the fourth consecutive year. The award commended the company's outstanding health and safety practices.

Northern Gas Networks received a £770,000 innovation grant from Ofgem to link the Bradford Alternative Fuel Centre to the local gas transmission system which is operated by the company. This will contribute to the development of a Compressed Natural Gas (CNG) filling station, the aim of which is to enable the reduction of greenhouse gas emissions.

During the year, Northern Gas Networks and its partners jointly won the bid to build two public-access hydrogen refuelling stations in Teesside. The initiative aims to make Teesside a centre for hydrogen technology, with the capacity to test new hydrogen technologies on cars, buses, trains and trucks.

To support the growing population of Penrith, a new five-and-a-half-mile gas pipeline will be built, and its construction began in September.

Wales & West Gas Networks is working to explore the possibility of using hydrogen to reduce carbon emissions of its fleet.

WALES & WEST GAS NETWORKS

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

For the second consecutive year, Wales & West Gas Networks was named winner in the Oil & Gas Industry Sector in the RoSPA (The Royal Society for the Prevention of Accidents) Health and Safety Awards in the UK in recognition of its outstanding health and safety practices. A collaborative project between Wales & West Gas Networks and a number of network partners which explores how drone technology can be applied in network infrastructure inspection also won the Partnership Initiative of the Year award in the Utility Week Network Awards 2020.

In addition, the company was named a Responsible Business Champion in the 2020 Business in the Community (BITC) Responsible Business Awards. The Awards recognise the contribution of companies that put social and environmental concerns at the heart of their strategy.

Pembrokeshire County Council announced that it would team up with Wales & West Gas Networks and others to deliver the Milford Haven: Energy Kingdom project. Funded by UK Research and Innovation, this 22-month project aims to accelerate the transition to an integrated hydrogen and renewable energy system to power buildings, transport and industry.

Wales & West Gas Networks and Northern Gas Networks are working to explore the possibility of using hydrogen to reduce their fleets' carbon emissions, including the refueling infrastructure needed to meet their vehicle duty cycle and power demands. The results of the study will enable the two gas distribution networks to better understand the benefits of using hydrogen powered vehicles across their respective networks and allow them to plan for depot-based hydrogen vehicle trials in the future.

In solidarity with the community in the fight against the COVID-19 pandemic, Wales & West Gas Networks volunteered to connect the new Nightingale Hospital's main gas supply in Exeter to its local gas network. The hospital was transformed from a former retail store into a facility for COVID-19 patient care in just six weeks and Wales & West Gas Networks completed the project in two days.

SEABANK POWER

Seabank Power is an owner and operator of a combined cycle gas turbine power plant located near Bristol in the South West of England. The power plant has a total generating capacity of approximately 1,150 MW from its two generation units. COVID-19 has not had a major impact on Seabank Power. Though there was a general reduction in electricity demand, revenues were not affected due to the presence of tolling arrangements.

UK RAILS

UK Rails is one of the three major rolling stock owning companies in the United Kingdom. The company leases regional, commuter and high speed passenger trains on long-term contracts to train operating companies and freight locomotives to freight operating companies. UK Rails' rolling stock portfolio includes 22 different fleets of passenger trains comprising over 3,400 passenger vehicles and 83 freight locomotives. It also has two depots.

In 2020, UK Rails' train fleets won a number of accolades in the Golden Spanner Awards, an annual industry award programme. The company's Class 455, IC225, Class 222, Class 171 and Class 195 fleets were each recognised with Gold Spanners for being the most reliable train fleet in their category. The Class 315 fleet was presented with a Silver Spanner for being the most improved train fleet in its category, while the Class 334 fleet received a Bronze Spanner for the fastest incident recovery in its category.

In 2020, UK Rails completed deliveries of its Class 331 and 397 fleets and all are in service across the North of England. In addition, the company has renewed leases on ten of its 22 fleets.

UK Rails and Alstom Transport, a major international train manufacturer, have jointly made investments in developing hydrogen trains for the UK to work towards the UK Government's commitment to decarbonise the railway. During 2020, UK Rails and Alstom Transport announced a further £1 million investment in the Class 600 Breeze hydrogen train development programme.

UK Rails also signed an exclusive agreement with train manufacturer Hitachi Rail to develop tri-mode long-distance trains. Studies will be conducted to consider adding battery power to their Class 802 fleet. Great Western Railway Intercity Express Trains that run on the partially electrified 300-mile route between Penzance and London currently operate on diesel power for the majority of the route. Fitting batteries will create an electric-diesel-battery hybrid train (tri-mode) which would reduce fuel usage and carbon emissions by more than 20%.

UK Rails signed an exclusive agreement with train manufacturer Hitachi Rail to develop tri-mode long-distance trains by adding battery power to the Class 802 fleet.

Infrastructure Investments in

AUSTRALIA

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

SA Power Networks was ranked first as the most efficient distribution network in Australia in the Annual Benchmarking Report released by the Australian Energy Regulator.

SA POWER NETWORKS

SA Power Networks is an electricity distributor that serves approximately 887,000 customers in South Australia. Covering a service area of about 178,000 square kilometres, the electricity network route length is approximately 89,000 kilometres.

In the Annual Benchmarking Report released by the Australian Energy Regulator ("AER") in November 2020, SA Power Networks was ranked first as the most efficient distribution network in Australia. This report assesses the productivity and efficiency of distribution network service providers in the National Electricity Market (NEM).

During the year, SA Power Networks worked with Tesla, Commonwealth Scientific & Industrial Research Organisation and Australian Renewable Energy Agency on a world-first trial to provide real-time data feed of available local network capacity to an advanced Virtual Power Plant ("VPP"), enabling it to maximise its export power to the market while remaining within the technical limits of the network. A VPP aggregates a number of customer batteries to operate in much the same way as a power station. This initiative won the Energy Networks Australia 2020 Industry Innovation Award and the Best Use of Technology Award at the 2020 Digital Utility Awards.

Currently, more than 270,000 South Australian homes and small businesses have solar panels, and they collectively are capable of generating about 1,500 MW of electricity. This represents over 35% of all residential and commercial solar penetration in South Australia. In a bid to accept more solar energy into the grid, SA Power Networks has started upgrading about 140 major substations to facilitate greater solar exports.

SA Power Networks has also widened the use of drones for outage response work, particularly in the regional areas of South Australia. Remote controlled drones played a key role in restringing electricity power lines that were damaged by the devastating 2020 bushfires at Kohinoor Hill in Kangaroo Island.

The new five-year regulatory control period for SA Power Networks commenced in July 2020. The AER's final determination provides predictability of the company's income stream until mid-2025.

Powercor ranked first and CitiPower ranked second for operating expenditure productivity in the Australian Energy Regulator's Annual Benchmarking Report.

VICTORIA POWER NETWORKS

Victoria Power Networks comprises electricity distribution networks including CitiPower and Powercor, and energy infrastructure developer Beon Energy Solutions ("Beon"). CitiPower owns and operates a network that serves 332,000 customers in the central business district and inner suburbs of Melbourne; while Powercor covers a service area that includes regional and rural areas in central and western Victoria, as well as Melbourne's outer western suburbs, supplying electricity to around 844,000 customers. Beon is a leader in designing, constructing and carrying out maintenance for large-scale renewable energy and infrastructure projects in Australia.

In the Australian Energy Regulator ("AER")'s Annual Benchmarking Report released in November 2020, Powercor ranked first and CitiPower ranked second among electricity distribution service providers in the country for operating expenditure productivity.

Despite the strict COVID-19 restrictions imposed in Melbourne's metropolitan area during certain periods of time in 2020, crews from CitiPower commenced one of their largest inspections of infrastructure underneath the CBD's roadways and footpaths. The purpose of this Pit Inspection Programme is to examine the structural integrity and condition of approximately 500 pits for timely and necessary upgrades or repairs. Employing 3D scans and thermographic scanning technology, CitiPower's crews not only undertook a comprehensive assessment of the pits, but also conducted detailed inspections of the visible cables and cable joints.

During the year, Powercor continued to carry out an extensive bushfire mitigation programme, which includes the installation of Rapid Earth Fault Current Limiter ("REFCL") across the southwest of Victoria. There were 14 REFCL devices in service ahead of the 2020-2021 summer protecting 12,100 kilometres of powerlines, serving 209,550 customers. The devices help mitigate bushfire risks by cutting current from a faulty line, hence reducing the chance of a spark, if a powerline comes into contact with the ground or a tree limb.

In addition, two new helicopters with advanced light detection and ranging technology commenced operations in December to inspect power lines across the Powercor and CitiPower network regions. The operations are supported by a specialist team of data analysts. The technology creates a 3D image of the networks and enables the company to scan and detect the growth of vegetation near power lines in both high-risk and low-risk bushfire areas.

Powercor opened two new depots in the state of Victoria, one in Kyneton and another in Shepparton, replacing outdated ones from the 60's and 70's. The new facilities provide more storage area for equipment and fleet, and have the capacity to support future workforce expansion. During construction of the depots, Powercor supported the respective local communities, employing local trades and suppliers.

Beon was engaged in several major solar farm projects in 2020 despite challenges created by COVID-19. These projects include (i) the construction of the 120 MW Bomen Solar Farm located near Wagga Wagga and 62 MW Jemalong Solar Farm in New South Wales, which were completed; and (ii) the construction of the 90 MW Sebastopol Solar Farm in New South Wales which is in progress.

The new five-year regulatory period is to commence from 1st July, 2021. Victoria Power Networks submitted the revised revenue proposals for CitiPower and Powercor in December 2020 in response to the AER's draft decision in September. The AER's final determinations will be released at the end of April 2021.

UNITED ENERGY

United Energy distributes electricity to approximately 703,000 customers across east and southeast Melbourne and the Mornington Peninsula and is an industry leader in network technology and innovation. The electricity distribution network covers an area of approximately 1,500 square kilometres and it achieved 99.99% supply reliability in 2020.

In partnership with the Victorian Department of Environment, Land, Water and Planning, United Energy completed a two-year trial of a new covered powerline system to protect bare powerlines from extreme weather and for improvement of bushfire safety. The programme took place in Cape Schanck, a high bushfire risk area. The result of the trial has shown the system to be effective in improving network safety, and a new programme to replace over 5 kilometres of high-voltage powerlines with covered conductors has now commenced. The technology is to be applied throughout the network.

United Energy is also undergoing a trial involving pole mounted batteries to help manage peak demand. This is the first of such a programme in Australia. Called the Bayside Battery Project, the trial involves installing two 75 kWh battery storage systems onto network poles. The project is taking place within the low-voltage distribution network in the Melbourne suburbs of Highett and Black Rock, where local distribution substations are constrained. Each battery is charged during off-peak periods and electricity is discharged during peak periods, supplying power to between 50 and 75 homes in each location. This trial marks an important step towards the setting up of flexible networks to manage electricity exports from rooftop solar and other private generators in the future.

The next five-year regulatory control period for United Energy will commence on 1st July, 2021. The company has submitted its revised proposal in December 2020 responding to the draft decision made by Australian Energy Regulator ("AER") in September. The AER's final determination is expected at the end of April 2021.

United Energy is undergoing the Bayside Battery Project, a trial involving pole mounted batteries to help manage peak demand.

BUSINESS REVIEW

Australian Gas Networks' Hydrogen Park South Australia in Adelaide is at the final stage of commissioning. The facility will produce renewable hydrogen using a 1.25 MW electrolyser.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

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

Australian Gas Networks

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

During the year, operations in Australian Gas Networks were carried out smoothly despite challenges presented by COVID-19. Of particular note is its initiatives in hydrogen. Australian Gas Networks' Hydrogen Park South Australia ("HyP SA") in Adelaide is at the final stage of commissioning. Partially funded by the South Australian Government, HyP SA will produce renewable hydrogen using a 1.25 MW electrolyser. When it becomes fully operational, hydrogen from HyP SA blended with 95% natural gas will be supplied to more than 700 residences in a suburb of Adelaide. In addition, an agreement has been signed with a company for the installation of equipment to enable hydrogen from HyP SA to be supplied to industrial customers in Whyalla and Adelaide.

The HyP SA project earned Engineers Australia's Australian Engineering Excellence Award for South Australia, as well as the Australian Pipelines and Gas Association's Environment Award.

Australian Gas Networks has also secured funding from the Queensland Government's Hydrogen Industry Development Fund to establish Queensland's first renewable hydrogen production facility. The capacity of the facility has been set up to deliver blended hydrogen (up to 10%) into the gas network in the city of Gladstone in Queensland. The company is also engaging in feasibility studies on blending hydrogen in the natural gas networks in South Australia and Victoria.

Australian Gas Networks submitted its 2021-2026 South Australia Access Arrangement proposal in July 2020 in preparation for the next regulatory period which will start from 1st July, 2021. The final determination for the new Access Arrangement is expected to be announced by Australian Energy Regulator in April 2021. The stakeholder engagement programme for this proposal received Energy Networks Australia's Consumer Engagement Award.

Multinet Gas

Multinet Gas operates a regulated natural gas network which covers approximately 1,860 square kilometres in the eastern and southeastern suburbs of Melbourne, the Yarra Ranges and South Gippsland. It serves approximately 700,000 customers. Multinet Gas made excellent progress in the replacement of 133 kilometres of old cast iron mains which was completed ahead of schedule. During the year, it also achieved its highest ever customer satisfaction scores.

Multinet Gas completed the replacement of 133 kilometres of old cast iron mains ahead of schedule.

BUSINESS REVIEW

Dampier Bunbury Pipeline

Dampier Bunbury Pipeline is the principal gas transmission pipeline in Western Australia. It stretches approximately 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast to mining, industrial, and commercial customers, as well as via other distribution networks, to residential customers. The total length of the pipeline including looping and lateral pipelines is 3,080 kilometres. The Pipeline saw throughput volumes in 2020 well ahead of budget due to strong conditions for gas-fired power generation in Western Australia.

Dampier Bunbury Pipeline saw throughput volumes in 2020 well ahead of budget due to strong conditions for gas-fired power generation in Western Australia.

As an initiative to develop Western Australia's emerging hydrogen market, a feasibility study jointly funded by the Western Australia Government's Renewable Hydrogen Fund and Dampier Bunbury Pipeline was launched to assess whether the main natural gas pipeline in Western Australia can carry a small volume of hydrogen. The 18-month commercial and technical feasibility study will cover the Perth metropolitan areas and the state's Peel, Pilbara and Mid-West regional precincts.

In December 2020, a contract was signed with Mitsui and Beach Energy for Dampier Bunbury Pipeline's Waitsia expansion project, securing a major new customer, and a major new gas supply source in Western Australia for export and domestic use.

A business plan was submitted by Dampier Bunbury Pipeline in January 2020 for the regulatory control period 2021 to 2025. A final determination for the new Access Arrangement is expected from Western Australia's Economic Regulation Authority early in 2021, securing the company's income stream for the next five years.

AUSTRALIAN ENERGY OPERATIONS

Australian Energy Operations ("AEO") constructs, owns and operates electricity transmission assets and terminal stations, specialising in the connection of renewable energy generators to the national power grid. AEO has long-term contracts with four wind farm connections totaling more than 750 MW.

In mid-2020, AEO signed a contract with the market operator, Australian Energy Market Operator (AEMO) for works relating to the Western Victoria Transmission Network Upgrade Project. The scope includes upgrades to the Elaine and Ararat Terminal Stations, with the works progressing through 2021 to 2023.

Comprising five wind turbines, a solar farm, a battery system and an off-grid gas and diesel power plant, EDL's Agnew Hybrid Renewable Project is Australia's largest hybrid renewable microgrid.

ENERGY DEVELOPMENTS

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

In May 2020, EDL completed the 56 MW Agnew Hybrid Renewable Project in Western Australia. The project offsets the equivalent of an estimated 46,300 tonnes of carbon annually. Comprising five wind turbines, a solar farm, a battery system and an off-grid gas and diesel power plant, the project is Australia's largest hybrid renewable microgrid. The Agnew Hybrid Renewable Project won top honours in international awards – it was named Engineering Solution of the Year at the 2020 Global Energy Awards, and Innovative Power Technology of the Year – Australia at the 2020 Asian Power Awards. The project was also a Western Australia Division winner at the 2020 Australian Engineering Excellence Awards.

Construction of a waste coal mine gas power station for Centennial Coal's Mandalong Mine, located in the Lake Macquarie area of New South Wales, commenced in July 2020. The power station will have an installed capacity of 8 MW, and will convert waste gas extracted during mining operations into electricity to power the mine. EDL will own and operate the power station for 20 years.

In the United States, EDL and its joint venture partners completed the Indy High BTU Renewable Natural Gas ("RNG") Plant at the Indianapolis South Side Landfill in April 2020. It is the largest RNG plant in Indiana, with the capacity to convert landfill methane gas into approximately eight million gallons of pipeline-quality RNG each year. The initiative would contribute in reducing greenhouse gas emissions in Central Indiana.

EDL is in the process of building another two RNG plants in the United States, one in San Antonio, Texas and another in Lansing, Michigan. The RNG from the Texas plant will be used to fuel a fleet of more than 500 buses in 2021. When used as a vehicle fuel, RNG provides 85% reduction of CO_2 emissions compared to diesel fuel.

Infrastructure Investments in

NEW ZEALAND

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

Wellington Electricity's three-year Earthquake Readiness Programme, which aims to reduce outage times following major earthquakes, is near completion.

WELLINGTON ELECTRICITY

Wellington Electricity owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand. Its network extends about 4,700 kilometres, supplying electricity to approximately 171,000 connections across domestic, commercial and industrial sectors.

The three-year Earthquake Readiness Programme approved by the Commerce Commission of New Zealand which commenced in 2018 continued to be carried out in 2020 despite the periodic COVID-19 lockdowns. Over 70% of the entire Programme was completed by the end of 2020 with the remainder to be completed by March 2021. The Programme aims to strengthen the network's readiness and reduce outage times following major earthquakes.

The New Zealand Government has set a CO_2 emissions reduction target as part of its Carbon Zero legislation and electrification of transport fleets plays an important role in meeting the reduction target. As electric vehicles uptake increases, electricity networks will be required to manage the increase in demand. Wellington Electricity and its technology partner obtained a grant from Energy Efficiency & Conservation Authority's Low Emission Vehicle Contestable Fund in New Zealand to develop "EV Connect", an environmental and smart technology platform project for electric vehicle charging.

The smart technology project "EV Connect" aims to provide solutions for managing peak electricity demand on Wellington Electricity's network. The project is composed of three stages, involving grid connection technology, a corporate fleet pilot programme, and a roadmap for industry consultation and wider adoption. During the year, the first stage of the project was completed and the remaining stages of running a corporate fleet trial and delivering an industry roadmap will be completed in 2021.

EnviroNZ commenced the 12-year Hamilton City Council contract. A new material recycling facility was built, over 60 new staff employed and 24 new collection vehicles have been deployed for the project.

ENVIRO (NZ)

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

In September, EnviroNZ commenced the 12-year Hamilton City Council contract. A new material recycling facility was built, over 60 new staff employed and 24 new collection vehicles including 6 electric vehicles have been deployed. The Hamilton contract is transformational for the city with EnviroNZ now collecting their food waste separately from their general waste glass and other, plastic and paper recycling. The food waste is collected in an electric vehicle for processing at the company's Hampton Downs organic facility. The high-quality compost produced goes to the agricultural sector with some being used by the Hamilton Council themselves. The electric vehicles are carbon neutral, the composting process does not release methane, and compost is put back into the land – an example of a circular economy in practice.

During the year, EnviroNZ also started kerbside food waste collection in Ruapehu. Alongside its existing waste collection and recycling services, Ruapehu Council is an early adopter among small rural councils to introduce food waste collection and compost conversion, with an eye towards achieving its Zero Waste 2040 vision.

EnviroNZ succeeded in securing several new long-term municipal council contracts, including a 12-year contract with the Tauranga and Western Bay of Plenty Councils to collect household refuse, recycling and organics, as well a separate 20-year contract with these councils to operate their waste infrastructure and waste disposal at EnviroNZ's Hampton Downs Landfill. EnviroNZ was also awarded a similar 15-year contract by the South Waikato Council and a 20-year contract by the combined Mackenzie, Timaru and Waimate District Councils for collections and infrastructure services, including the design and construction of new composting and recycling facilities.

In December, the company received a Highly Commended award in the Safe Vehicles category of the prestigious Australasian Fleet Champions Awards.

Infrastructure Investments in

CONTINENTAL EUROPE

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

BUSINESS REVIEW

DUTCH ENVIRO ENERGY

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

Dutch Enviro Energy's new contract with The Hague municipality started on 1st March, 2020. In early 2020, the company also signed a similar contract with all the municipalities in the Province of Utrecht to transfer, transport and process residual waste.

Dutch Enviro Energy will conduct a pilot programme in collaboration with a British company to combine captured CO_2 with fly ash to produce a raw material for the construction industry. Upon successful trials, the programme will proceed to commercial operations.

ISTA

ista is a leading international provider of sub-metering and related services with over 100 years of experience. Headquartered in Essen, Germany, ista's operations range from hardware development, manufacturing, installation and maintenance to meter reading, data collection and processing, individual billing, as well as energy data management. In addition, ista offers other services for buildings such as provision of smoke alarms, humidity sensors, drinking water analysis, leakage detection as well as energy audit certificates. With a presence in over 20 countries, ista services more than 13 million households with over 60 million installed measuring devices. The company's major markets are Germany, France, the Netherlands and Denmark.

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

ista was named an outstanding employer by the Top Employers Institute for seven years running. On an annual basis, the Amsterdam-based Top Employers Institute presents awards to companies or organisations that meet exceptionally high standards as employers. The independent certification institute assesses different areas of HR work in 10 categories, such as recruitment processes, as well as staff and management development, etc. ista's introduction of an innovative software solution that streamlines HR administration procedures impressed the Institute in particular.

During the year, ista acquired two sub-metering companies in Germany: Hildebrand & Schoenfeldt GmbH & Co. KG based in northern Germany, and Krohn + Scheddel GmbH & Co. KG which is located in Bad Homburg. The acquisitions are poised to strengthen ista's market position in the respective regions.

ista also made an investment in facilioo in 2020. facilioo is a Berlin-based start-up that has been operating a digital platform for the real estate industry since 2016. It is a software solutions provider supporting property management companies, tenants and owners to achieve digitalisation. ista will partner with facilioo to jointly develop an open digital service platform for the real estate industry.

sensonic 3, an advanced heat meter module, was launched by ista during the year. The brand-new sensonic 3 was developed with ista's radio technology and combines several solutions in one device. The product was certified by PTB, the national metrology institute of Germany. The new product has been rolled out in the Netherlands, Italy, Poland and Germany.

Infrastructure Investments in

CANADA

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

BUSINESS REVIEW

Canadian Power owns the Meridian cogeneration plant, a natural gas-fired plant in Saskatchewan.

CANADIAN POWER

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

In 2020, Canadian Power completed the first stage of coal-firing to gas-firing conversion at the Sheerness power station in Alberta. The second stage is scheduled to commence by the first quarter of 2021. This initiative is expected to extend the plant's life to 2037.

PARK'N FLY

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

Park'N Fly's business depends on traffic. As international travel ban has been in place due to COVID-19 and the level of domestic travel is minimal, the company's business was severely impacted in 2020.

In addressing these challenges, Park'N Fly implemented a series of cost reduction measures. Other than applying for government emergency and wage subsidies, the company generated modest income from leasing land to car rental, logistics and transportation companies.

Park'N Fly, Canada's leading off-airport car park company, provides parking solutions to both business and leisure travellers coast-to-coast.

CANADIAN MIDSTREAM ASSETS

Canadian Midstream Assets comprises approximately 2,200 kilometres of crude oil pipelines, approximately 6 million barrels of oil storage capacity, as well as natural gas infrastructure assets in Alberta and Saskatchewan, Canada. Characterised by long-term contracts, Canadian Midstream Assets generates secure and predictable returns for CKI. The company continued to execute its growth plans in 2020 with the successful completion of the Spruce Lake Central segment of the Saskatchewan Gathering System phased expansion and 1.5 million barrels of additional crude oil storage capacity in its Hardisty terminal. All were safely completed on time and on budget during the pandemic following extensive safety protocols.

2020 was a difficult year as the COVID-19 pandemic reduced demand and activity in the oil and gas industry. While Canadian Midstream Assets was impacted by lower throughput and activity levels on its system, the company had an exceptional year from cashflow and operation perspectives. The strength of this business was clearly demonstrated as cashflows and earnings continue to grow compared to prior years with the impact of lower activity levels offset by contracted cashflows and cost reduction initiatives.

During the year, Husky Energy announced a merger with Cenovus Energy; nonetheless the move has not affected CKI's contract in regards to Canadian Midstream Assets.

Canadian Midstream Assets expanded the crude oil storage capacity in its Hardisty terminal.

In 2020, Reliance Home Comfort delivered an exceptional performance and maintained its market leadership.

RELIANCE HOME COMFORT

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

Reliance Home Comfort's Contact Centre Team was presented with the Rising Above Team Award in the Greater Toronto Contact Centre Association Annual Award. Moreover, the company was re-certified as "Canada's Most Admired Corporate Cultures™" for fostering a workplace culture that enhances performance and sustains a competitive advantage.

In 2020, Reliance Home Comfort delivered an exceptional performance and maintained its market leadership. The company completed three acquisitions during the year, further expanding its business portfolio in Ontario and Saskatchewan. High-growth business segments of the company include water purification systems, HVAC, comfort protection plans and water heaters. These businesses are expected to record growth in the next few years.

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA

CKI's Hong Kong and Mainland China portfolio holds a mix of infrastructure materials business and Mainland infrastructure investments.

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

Green Island Cement's new slag-grinding plant at Tap Shek Kok commenced operation in late 2020. The plant grinds slag to produce ground granulated blast-furnace slag ("GGBS") for use as a partial replacement of cement in concrete. With a lower carbon footprint than portland cement, GGBS is an excellent replacement material for Pulverised Fly Ash. It is anticipated that this slag plant initiative at its full capacity will result in the prevention of around 284,000 tonnes of carbon dioxide equivalent emissions per year.

The cement company's operations in Guangdong is exploring the conversion of different types of industrial waste into energy. This will help reduce coal consumption and alleviate the burden on landfills.

Alliance Construction Materials Limited ("Alliance"), which operates CKI's concrete and aggregates businesses, is a joint venture between CKI and HeidelbergCement AG. Despite the disruption of raw materials supply chain from Mainland China to Hong Kong due to the pandemic, Alliance managed to maintain stable and high-quality concrete supply for the construction project of two quarantine camps at Lei Yue Mun Park and Penny's Bay in the first quarter of 2020 when the COVID-19 outbreak commenced.

Alliance managed to maintain stable and high-quality concrete supply for the construction of two quarantine camps at Lei Yue Mun Park and Penny's Bay in the first quarter of 2020 amidst the COVID-19 outbreak.

Alliance was granted the Platinum Label of Green Product Certification by Construction Industry Council for its high-performance, durable and sustainable green concrete products. The certified low carbon concrete products play an important role in supporting the construction industry in achieving the decarbonisation targets.

Green Island Cement's new slag-grinding plant at Tap Shek Kok commenced operation in late 2020.

FINANCIAL REVIEW

FINANCIAL RESOURCES, TREASURY ACTIVITIES AND GEARING RATIO

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

As at 31st December, 2020, cash and bank deposits on hand amounted to HK$13,477 million and the total borrowings of the Group amounted to HK$32,588 million, which included Hong Kong dollar borrowings of HK$4,620 million and foreign currency borrowings of HK$27,968 million. Of the total borrowings, 14 per cent were repayable in 2021, 82 per cent were repayable between 2022 and 2025 and 4 per cent were repayable beyond 2025. The Group's financing activities continue to be well received and fully supported by its bankers.

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

As at 31st December, 2020, the Group maintained a net debt position with a net debt to net total capital ratio of 13.1 per cent. This was based on HK$19,111 million of net debt and HK$145,373 million of net total capital, which represents the total borrowings plus total equity net of cash and bank deposits. This ratio was similar to that of 13.5 per cent at the year end of 2019.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (i) currency swaps and (ii) the appropriate level of borrowings denominated in the local currencies. The Group also entered into certain interest rate swaps to mitigate interest rate risks. As at 31st December, 2020, the notional amounts of these derivative instruments amounted to HK$63,717 million.

CHARGE ON GROUP ASSETS

As at 31st December, 2020:

- leased assets with carrying value of HK$10 million were pledged to secure certain lease liabilities; and
- certain assets were pledged to secure bank borrowings totalling HK$1,507 million granted to the Group.

CONTINGENT LIABILITIES

As at 31st December, 2020, the Group was subject to the following contingent liabilities:

HK$ million	
Guarantee in respect of bank loan drawn by an affiliated company	1,191
Other guarantee given in respect of an affiliated company	438
Performance bond indemnities	173
Total	1,802

EMPLOYEES

The Group, including its subsidiaries but excluding affiliated companies, employs a total of 2,195 employees. Employees' cost (excluding directors' emoluments) amounted to HK$831 million. The Group ensures that the pay levels of its employees are competitive and that its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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

BOARD AND KEY PERSONNEL

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

DIRECTORS' BIOGRAPHICAL INFORMATION

LI Tzar Kuoi, Victor

aged 56, has been the Chairman of the Company since its incorporation in May 1996. He has been a member of the Remuneration Committee of the Company since March 2005 and the Chairman of the Executive Committee of the Company since April 2005. He has been a member of the Nomination Committee of the Company since January 2019, and acted as the Chairman of the Nomination Committee of the Company from January 2019 to November 2020. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited, and the Chairman and Managing Director and the Chairman of the Executive Committee of CK Asset Holdings Limited. He is also the Chairman of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He was previously a Director and the Co-Chairman of Husky Energy Inc. which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region ("HKSAR") and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company.

KAM Hing Lam

aged 74, has been the Group Managing Director of the Company since its incorporation in May 1996 and a member of the Executive Committee of the Company since April 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is the Deputy Managing Director of CK Hutchison Holdings Limited, the Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited, and the President of CK Life Sciences Int'l., (Holdings) Inc. He was the Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. from June 2002 to August 2020. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Mr. Kam is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman of the Company.

IP Tak Chuen, Edmond

aged 68, has been an Executive Director of the Company since its incorporation in May 1996, the Deputy Chairman of the Company since February 2003, a member of the Executive Committee of the Company since April 2005 and the Chairman of the Sustainability Committee of the Company since December 2020. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is Deputy Managing Director of CK Hutchison Holdings Limited, and Deputy Managing Director and Executive Committee Member of CK Asset Holdings Limited. He is also the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited, which manages Hui Xian Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

FOK Kin Ning, Canning

aged 69, has been an Executive Director and Deputy Chairman of the Company since March 1997. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is currently the Group Co-Managing Director of CK Hutchison Holdings Limited. Mr. Fok is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, a Director of Cenovus Energy Inc. and a Non-executive Director of TPG Telecom Limited. Except for HPHM and HKEIM, all the companies/business trust/investment trust mentioned above are listed in Hong Kong or overseas. He was the Co-Chairman and is currently a Director of Husky Energy Inc. which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc. Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a fellow of Chartered Accountants Australia and New Zealand.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Frank John SIXT

aged 69, has been an Executive Director of the Company since its incorporation in May 1996. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. Mr. Sixt is the Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Non-executive Chairman of TOM Group Limited, a Non-executive Director of TPG Telecom Limited, a Director of Hutchison Telecommunications (Australia) Limited and Cenovus Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. He is also a Director of Husky Energy Inc. which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc. Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Andrew John HUNTER

aged 62, has been an Executive Director of the Company since December 2006, Deputy Managing Director of the Company since May 2010 and a member of the Executive Committee of the Company since March 2007. He was a member of the Nomination Committee of the Company from January 2019 to November 2020 and acted as the Chief Operating Officer of the Company from December 2006 to May 2010. Mr. Hunter is also an Executive Director of Power Assets Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Prior to the appointment to the board of Power Assets Holdings Limited in 1999, Mr. Hunter was the Finance Director of the Hutchison Property Group. He holds a Master of Arts degree and a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. He has over 37 years of experience in accounting and financial management.

CHAN Loi Shun

aged 58, has been an Executive Director of the Company since January 2011, Chief Financial Officer of the Company since January 2006 and a member of the Executive Committee of the Company since April 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He joined the CK Group in January 1992. Mr. Chan is also an Executive Director of Power Assets Holdings Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Chan is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

CHEN Tsien Hua

aged 58, has been an Executive Director of the Company since January 2017, a member of the Executive Committee of the Company since March 2007 and the Head of Business Development of the Company since 2005. She was a member of the Nomination Committee of the Company from January 2019 to November 2020. She joined Hutchison Whampoa Limited ("HWL") in August 1992 and has been with the Company since July 1996. Ms. Chen holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration.

CHEONG Ying Chew, Henry

aged 73, 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 was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also an Independent Non-executive Director of CK Asset Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and the Deputy Chairman of Worldsec Limited. All the companies mentioned above are listed companies. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

KWOK Eva Lee

aged 79, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Nomination Committee of the Company since January 2019 and the Chairperson of the Nomination Committee of the Company since December 2020. She acted as a member of the Audit Committee of the Company from September 2004 to June 2019. She is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director of Cenovus Energy Inc. and Husky Energy Inc. ("Husky Energy", which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc.). Mrs. Kwok currently acts as the Chairperson of the Remuneration Committee of CK Life Sciences Int'l., (Holdings) Inc. and also sits on the Human Resources and Compensation Committee and the Nominating and Corporate Governance Committee of Cenovus Energy Inc. and the Audit Committee of Husky Energy Inc. Except for LKS Canada Foundation, Amara and Husky Energy, all the companies mentioned above are listed companies. She is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Compensation Committee and Corporate Governance Committee of Husky Energy Inc., the Audit Committee of CK Life Sciences Int'l., (Holdings) Inc., the Audit Committee and Pension Fund Society of the Bank of Montreal, the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

SNG Sow-mei alias POON Sow Mei

aged 79, has been an Independent Non-executive Director of the Company since September 2004. She has been a member of the Audit Committee of the Company since September 2004 and the Chairperson of the Audit Committee of the Company since July 2020. She was a member of the Nomination Committee of the Company from January 2019 to November 2020. She is an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng is also a member of the Audit Committee of HPHM and ARA Asset Management (Prosperity) Limited. Mrs. Sng is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Colin Stevens RUSSEL

aged 80, has been an Independent Non-executive Director and a member of the Remuneration Committee of the Company since January 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He acted as a member and the Chairman of the Audit Committee of the Company from January 2005 to July 2020 and from January 2007 to July 2020 respectively. He is also an Independent Non-executive Director of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Russel is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was an Independent Non-executive Director of Husky Energy Inc. which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc. 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 80, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, a listed company, and also an Independent Non-executive Director of Cinda Financial Holdings Co., Limited. Dr. Lan is an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is a director of a company controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr. Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed on the SEHK. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorship at Nanyang Commercial Bank Ltd. and International Probono Legal Services Association Limited. Dr. Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant from October 2020. Dr. Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the HKSAR Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1st July, 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr. Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

Barrie COOK

aged 78, acted as an Executive Director of the Company from 2000 to September 2003 and a Non-executive Director of the Company from October 2003 to December 2011, and has been an Independent Non-executive Director of the Company since January 2012 and a member of the Nomination Committee of the Company since January 2019. He is the Honorary Chairman of the Hong Kong Construction Materials Association. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Waste Reduction Committee of the HKSAR Government. He was previously a member of the Advisory Council on the Environment and the Council for Sustainable Development of the HKSAR Government, and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce ("HKGCC") and was a past Chairman of the HKGCC's Environment and Arab/Africa Committees. Mr. Cook holds a Bachelor of Science Degree in Civil Engineering from University of Durham and a Diploma in Traffic Engineering from the Institution of Highway Engineers in the United Kingdom. He is a Chartered Civil Engineer of the United Kingdom. He was previously a Member of the Institution of Highway Engineers of the United Kingdom and the Hong Kong Institution of Engineers.

BOARD AND KEY PERSONNEL

DIRECTORS' BIOGRAPHICAL INFORMATION (CONT'D)

Paul Joseph TIGHE

aged 64, has been an Independent Non-executive Director of the Company since April 2017, a member of the Audit Committee of the Company since March 2019 and a member of the Sustainability Committee of the Company since December 2020. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also an Independent Non-executive Director of CK Hutchison Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., both listed companies. Mr. Tighe is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. He is a former career diplomat with Australia's Department of Foreign Affairs and Trade. He has around 37 years of experience in government and public policy, including 28 years as a diplomat. He has served as Australian Consul-General to Hong Kong and Macau (from 2011 to 2016), Australian Ambassador to Greece, Bulgaria and Albania (from 2005 to 2008), Deputy Head of Mission and Permanent Representative to the United Nations' Economic and Social Commission for Asia and the Pacific at the Australian Embassy in Bangkok (from 1998 to 2001) and as Counsellor in the Australian Delegation to the Organisation for Economic Co-operation and Development in Paris (from 1991 to 1995). In between overseas assignments, Mr. Tighe has held several positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Before joining the Department of Foreign Affairs and Trade, Mr. Tighe worked in the Overseas Economic Relations Division of the Australian Treasury (from 1986 to 1988), in the Secretariat of the Organisation for Economic Co-operation and Development in Paris (from 1984 to 1986) and in the Australian Industries Assistance Commission (from 1980 to 1984). He holds a Bachelor of Science degree from the University of New South Wales.

LEE Pui Ling, Angelina

aged 72, 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. Mrs. Lee was a member of the Nomination Committee of the Company from January 2019 to November 2020. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, a non-executive director of the Securities and Futures Commission and a non-executive director of the Mandatory Provident Fund Schemes Authority. She is also a Non-executive Director of TOM Group Limited and Henderson Land Development Company Limited, and an Independent Non-executive Director of Great Eagle Holdings Limited. All the companies mentioned above are listed companies. Mrs. Lee is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

George Colin MAGNUS

aged 85, acted as an Executive Director and Deputy Chairman of the Company from May 1996 to October 2005, has been a Non-executive Director of the Company since November 2005. He was a member of the Nomination Committee of the Company from January 2019 to November 2020. He is also a Non-executive Director of CK Hutchison Holdings Limited and an Independent Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He acted as an Executive Director of Cheung Kong (Holdings) Limited ("CKH") since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of CKH since November 2005 until his resignation in June 2015. He has been an Executive Director of Hutchison Whampoa Limited since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. Mr. Magnus was previously the Chairman of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an Independent Non-executive Director until January 2014. He was a Director of Husky Energy Inc. which was delisted on 5th January, 2021 following its combination with Cenovus Energy Inc. Except for HKEIM, CKH, HWL and Husky Energy, all the companies/investment trust mentioned above are listed in Hong Kong. He is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Economics.

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

aged 67, acted as an Executive Director of the Company from March 1997 to July 2016 and an Alternate Director to Mr. Frank John Sixt, an Executive Director of the Company, from May 2006 to July 2016, and has been an Alternate Director to Mr. Fok Kin Ning, Canning, Deputy Chairman of the Company, since May 2006. Mrs. Chow is a Non-executive Director of CK Hutchison Holdings Limited, a Director of Hutchison Telecommunications (Australia) Limited and an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. Mrs. Chow is also an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. She is a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a director of a company controlled by a substantial shareholder of the Company. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

MAN Ka Keung, Simon

aged 63, has been an Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman of the Company, since February 2008. He joined the CK Group in December 1987. He is Executive Committee Member and General Manager of Accounts Department of CK Asset Holdings Limited, a listed company. He is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He has over 40 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 60, Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of the Company, and the Company Secretary and a member of the Sustainability Committee of the Company. She is also Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department of CK Asset Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. Ms. Yeung is a Non-executive Director of ARA Asset Management (Fortune) Limited, the manager of Fortune Real Estate Investment Trust. All the companies/investment trust mentioned above are listed in Hong Kong. She is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Ms. Yeung joined the CK Group in August 1994. She is a solicitor of the High Court of the HKSAR and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

HONG KONG

CHAN Kee Ham, Ivan

aged 58, Chief Planning and Investment Officer, has been with the Company since September 1999. He is also the Chief Financial Officer of Power Assets Holdings Limited. He has over 30 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.

CHIU Yue Seng

aged 44, Head of Corporate Finance, joined the Company in January 2017. He has over 20 years of experience in investment banking and finance. He holds a Bachelor of Arts degree and a Master's degree in Business Administration.

Donald William JOHNSTON

aged 78, Executive Director of Anderson Asia (Holdings) Limited, Green Island Cement (Holdings) Limited and Green Island International Limited, has been with the CK Group since 1988. He holds a Bachelor's degree in Civil Engineering and a Master's degree in Business Administration and is a Chartered Professional Engineer (Retired). He is a member of the Institute of Engineers (Australia) and a fellow of the Institute of Quarrying.

LUK Sai Hong, Victor

aged 57, Group General Counsel, has been with the Company since July 1998. He has over 30 years of experience in the legal field. He holds a Bachelor's degree in Social Science. He was admitted as solicitor of the Supreme Court in England in 1992 and was admitted as solicitor in Hong Kong in 1993. He is a solicitor of the High Court of the HKSAR and is a member of The Law Society of Hong Kong.

LUN Pak Lam

aged 63, 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 50, Head of International Business, joined the Company in February 2011. He has over 27 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 60, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Asset Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. and the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

TSANG Pak Chung, Eddy

aged 63, Chief Executive Officer of CK Infrastructure Materials. He is also an Executive Director of Green Island Cement (Holdings) Limited, Green Island International Limited and Anderson Asia (Holdings) Limited. He joined the CK Group in January 2005. He is a member of Chartered Accountants Australia and New Zealand, the Hong Kong Institute of Certified Public Accountants and the Chartered Governance Institute, and is currently the Chairman of Hong Kong Construction Materials Association Limited. He holds a Bachelor's degree in Economics and a Master's degree in Commerce.

YIP Cheung, Lawrence

aged 57, Head of Internal Audit, has been with the Company since November 1997. He holds a Master's degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a fellow of the Institute of Chartered Accountants in England and Wales.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS

Christopher AUGHTON

aged 50, has been Chief Executive Officer of Enviro (NZ) Limited ("EnviroNZ") since January 2018. His career spans management and board positions at a variety of international organisations, as well as senior advisory roles in corporate finance and private equity. Prior to joining EnviroNZ, Mr. Aughton was Chief Executive Officer of a multi-national healthcare group headquartered in Sydney, Australia. He had also previously served as Director of Enviro Waste Services Limited (a wholly owned subsidiary of EnviroNZ) from 2007 to 2013. Mr. Aughton holds a Bachelor's degree in Science and a Bachelor's degree in Commerce.

Graham Winston EDWARDS

aged 67, has been Chief Executive of Wales & West Utilities Limited since business start-up in 2005. Mr. Edwards has significant senior management experience across the utility sector – prior to Wales & West Utilities, he worked in the electricity and water sectors, where he held senior posts in human resources, operations, and business leadership roles with full P&L responsibility. He has also spent many years in the manufacturing sector with global automotive and consumer goods companies. Mr. Edwards has a Master's degree in Business Administration, and is a Fellow of the Chartered Institute of Personnel and Development. He is a Vice President of the Institute of Customer Services and a board member of Dwr Cymru Welsh Water and the University of South Wales. He is a previous Wales Chair of both the Confederation of British Industry and Business in the Community.

Derek David GOODMANSON

aged 54, is Chief Executive Officer of Canadian Power Holdings Inc. He joined the company as Technical and Commercial Director in 2011, and was promoted to his current position in 2012. Mr. Goodmanson has over 25 years of experience in engineering, maintenance, project management, operations, and commercial management in the power industry, having held a number of key leadership roles in the power generation and transmission sectors throughout Canada. He holds a Bachelor of Mechanical Engineering degree, and is a Registered Professional Engineer in Canada. He also completed the Ivey Executive Development Programme.

James Christopher HARMAN

aged 52, is Chief Executive Officer of Energy Developments Pty Limited ("EDL"). Before joining EDL in 2016, Mr. Harman had over 20 years of experience in the mining industry in the United Kingdom and Australia, and has extensive international leadership and business development experience. Prior to his current position, he was Group Head of Business Development of a top-tier mining company. He holds a Bachelor's degree in Commerce and a Master's degree in Laws.

Mark John HORSLEY

aged 61, has been Chief Executive Officer of Northern Gas Networks Limited since 2011. He has more than 40 years of experience in the energy sector. Mr. Horsley has held a number of senior appointments in the industry, which include an international built asset consultancy and power companies. Mr. Horsley held the post of Chairman of the UK Energy Networks Association from 2004 to 2006 and was Chairman of the Energy Innovation Centre from 2014 to 2017.

Mary KENNY

aged 55, is Chief Executive Officer of Eversholt Rail. Ms. Kenny was first involved in Eversholt Rail in 1997 as part of the due diligence team of the bank which acquired Eversholt Leasing (now known as Eversholt Rail). Subsequently she worked in Eversholt Rail as Commercial Manager until 2001, before returning to banking where she held various finance roles around the asset and structured finance portfolio. In 2007, Ms. Kenny rejoined Eversholt Rail as Head of Finance and Chief Operating Officer before being promoted to her current position in 2008. During her time with Eversholt Rail, she has overseen a number of significant investment programmes in addition to operational and ownership changes. Ms. Kenny has a Bachelor's degree in Business and is a qualified Chartered Management Accountant.

Yves Willy André LUCA

aged 55, has been Chief Executive Officer of AVR-Afvalverwerking B.V. ("AVR") since 2013, where he managed the acquisition by a consortium led by the Group and the transition of AVR. Mr. Luca has 25 years of experience in the waste management industry, where he held several regional and national executive positions, as well as directorships in both managing board and group board in Europe's leading waste service, raw materials and energy provider group. Over the years, he has been responsible for waste collection operations, recycling activities and energy-from-waste activities in Belgium and Eastern Europe. Mr. Luca holds a Master's degree in Applied Economic Science.

Carlo MARRELLO

aged 56, is Chief Executive Officer of Park'N Fly. He joined the company in 2014. Mr. Marrello has over 25 years of experience in executive management, consulting, sales, and operations in both the financial and commercial logistics industries. He has a Bachelor's degree, and has previously held a number of senior appointments, which include the Global Head of Commodities Logistics at a leading bank in Canada.

Stuart Michael MAYER

aged 54, is General Manager of Seabank Power Limited. He joined the company as Commercial Financial Controller in 2001, and was promoted to his current position in 2007. Mr. Mayer held a variety of commercial and financial roles in the civil and military aero engine sectors in the United Kingdom and overseas. Mr. Mayer is a Chartered Management Accountant with over 30 years of experience in engineering and utilities.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Heidi MOTTRAM

aged 56, is Chief Executive Officer of the Northumbrian Water Group Limited and Northumbrian Water Limited Boards. Ms. Mottram has held the positions since 2010 before Northumbrian Water's acquisition by a consortium led by the Group in October 2011. Prior to her current position, Ms. Mottram has held a number of senior management roles in the rail and transport sector, and she was awarded an OBE in the New Year Honours List 2010 for services to the rail industry. Ms. Mottram is currently a board member of the Confederation of British Industry and the North East Local Enterprise Partnership, and a Vice-Chair of Newcastle University Council. In 2016, she was selected to be the Prince of Wales' Business Ambassador to the North East, in conjunction with Business in the Community. In the same year, Ms. Mottram was also named North East Business Executive of the Year for her contribution to business in the North East of England. In 2018, Ms. Mottram was awarded a CBE in the Queen's Birthday Honours List for her contribution to the water industry and business community. Ms. Mottram received the Chair's Award for Excellence in Director and Board Practice by Institute of Directors in Yorkshire and North East in 2020.

Sean O'BRIEN

aged 54, is President and Chief Executive Officer of Reliance Home Comfort. Mr. O'Brien has over 20 years of senior leadership experience in sales, general management, marketing and business development, with an emphasis on fostering a high performance culture. Prior to his current role, he was President of Canada's largest industrial supplies distribution company. In 2016 he was recognised as Canada's Most Admired™ CEO and in 2017 won Glassdoor Highest Rated CEO of the Year Award. Mr. O'Brien holds a Bachelor's degree in Social Studies.

Richard Clive PEARSON

aged 75, has been Chairman of Wellington Electricity Distribution Network Limited and its subsidiary companies since the organisation's establishment in 2008. He was also appointed Chairman of Enviro (NZ) Limited in 2013. Prior to his current positions, Mr. Pearson worked for Hutchison Whampoa Group (now known as CK Hutchison Holdings) from 1975 to 2007, holding various senior roles in Hutchison Port Holdings Group, including Managing Director – Europe Division from 2005 to 2007, President of ECT Rotterdam from 2002 to 2004, as well as Managing Director of Hongkong International Terminals Ltd from 1996 to 1998. He is currently a Director of Employers and Manufacturers Association NZ. Mr. Pearson holds a Bachelor's degree in Commerce and is a member of the New Zealand Society of Accountants.

Duane RAE

aged 57, has been Chief Executive Officer of Husky Midstream General Partnership (a subsidiary of Canadian Midstream Assets) since May 2017. He is an experienced executive with broad-based technical, financial, commercial, and regulatory experience in the upstream and midstream energy sectors in Canada and the United States. Before joining Husky Midstream, Mr. Rae was President of the liquids pipelines business unit of a major North American energy infrastructure company. Mr. Rae holds a Bachelor of Science degree in Mechanical Engineering and a Master's degree in Business Administration.

Timothy Hugh ROURKE

aged 49, is Chief Executive Officer of Victoria Power Networks Pty Ltd. and its subsidiaries. He is also the Chief Executive Officer of United Energy Distribution Holdings Pty Limited. Prior to joining Victoria Power Networks in April 2013, Mr. Rourke was Chief Executive Officer of an energy infrastructure business operating in Australia and New Zealand. Previous experience included senior executive roles with a number of Australian based energy and infrastructure companies. Before entering the energy sector, he worked for a multi-national mining company and an international accounting and consultancy firm. Mr. Rourke is a Director of Energy Networks Australia, the national industry association representing electricity and gas distribution business. He holds a Bachelor of Commerce degree.

Basil SCARSELLA

aged 65, has been Chief Executive Officer of UK Power Networks Holdings Limited since its establishment in late 2010. Prior to his current appointment, Mr. Scarsella held a number of senior positions in the Group's businesses, including Chief Executive Officer of Northern Gas Networks Limited in the United Kingdom from 2005 to 2010, and Chief Executive Officer of SA Power Networks in Australia from 1998 to 2005. Before SA Power Networks was acquired by the Group, he worked in ETSA Utilities and other energy companies in Australia. Mr. Scarsella has a degree in Economics and is a Certified Practising Accountant. He is a Life Member of Football Australia and received the Australian Sports Medal in 2000, and in 2003 became a Member of the Order of Australia (AM) for his services to sport. Mr. Scarsella was the Chairman of the Energy Networks Association in the United Kingdom from 2014 to 2017.

Greg Donald SKELTON

aged 56, is Chief Executive Officer of Wellington Electricity Lines Limited. He has been with the company since its formation in 2009. Mr. Skelton has over 30 years of experience in the fields of production engineering, electrical engineering and business management. He holds a Bachelor's degree in Electrical Engineering, a Master's degree in Business Administration, and is a Fellow of Engineering New Zealand.

BOARD AND KEY PERSONNEL

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONT'D)

OVERSEAS (CONT'D)

Robert STOBBE

aged 64, has been Chief Executive Officer of SA Power Networks since 2010. He has held senior executive positions from 1999 to 2008 at various businesses of the Group including Northern Gas Networks Limited in the United Kingdom; as well as Victoria Power Networks Pty Ltd. and SA Power Networks in Australia. Before returning to SA Power Networks to assume his current position, he held leadership roles in rail and infrastructure investment corporations. Mr. Stobbe holds directorships in charitable organisations including Operation Flinders Foundation and James Brown Memorial Trust. He is also a Director of Business SA and Energy Networks Australia. Mr. Stobbe has a Bachelor of Business (Accounting) degree and is a Fellow of CPA Australia. He is a Member of the Australian Institute of Company Directors.

Peter Peace TULLOCH

aged 77, has been Chairman of SA Power Networks, Victoria Power Networks Pty Ltd., as well as its subsidiaries since 2005. He was appointed Chairman of Australian Gas Networks Limited ("AGN") in late 2014, and he is also a Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. Mr. Tulloch has over 30 years of banking experience in Asia. He was educated in Scotland and is a Fellow of the Institute of Canadian Bankers.

Benjamin Hollis WILSON

aged 46, is Chief Executive Officer of Australian Gas Infrastructure Group, which consists of AGN, Multinet Group Holdings Pty Limited, Dampier Bunbury Pipeline and AGI Development Group. He joined the company in March 2015. Before joining AGN, Mr. Wilson was Director of Strategy & Regulation and Chief Financial Officer of UK Power Networks, with responsibility for treasury, long-term business planning, regulation, innovation, and business transformation. Prior to joining UK Power Networks in 2011, Mr. Wilson was an investment banker for 15 years in London and Hong Kong, covering utilities and natural resources financings, mergers and acquisitions and privatisations in Europe, Asia and Latin America. He is the Chair of Energy Networks Australia, the former Chair of the ENA Gas Committee, and a former Director of the Energy Supply Association of Australia. In 2020 he was appointed to the Australian Federal Government's Technology Investment Advisory Council. Mr. Wilson holds a Bachelor's degree in Natural Sciences.

Thomas ZINNOECKER

aged 59, is Chief Executive Officer of ista. He has over 20 years of experience in the real estate industry in Germany during which he held a variety of management positions, 15 years of them as Chief Executive Officer. Prior to joining ista, he was Deputy Chief Executive Officer of Germany's largest housing company, and had been Chief Executive Officer of large real estate companies for 11 years. Mr. Zinnoecker holds a Master's degree in Business Administration.

REPORT OF THE DIRECTORS

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2020.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 20 to 47, pages 6 to 11 and pages 12 to 18 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Ten-year Financial Summary on page 5 and Financial Review on pages 48 to 49. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 173 to 180. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2020, if any, are set out in the Chairman's Letter on pages 6 to 11 and in Note 38 to the Consolidated Financial Statements on page 140. The above discussions form part of the Report of the Directors.

The Group recognises the increasing relevance and importance of climate change and other environmental issues to its business. At the same time, the regulatory requirements and stakeholder interest in these topics has increased significantly and will continue to grow. The Group is committed to protecting the environment and supporting sustainable development by managing its environmental footprint across its network of operating markets. The Group is planning to set up long-term targets to reduce carbon emissions as appropriate, while enacting processes and systems to monitor the Group's carbon footprint. The Group also endeavours to reduce hazardous and non-hazardous waste, manage effluent and facilitate ways to encourage more reuse and recycling in the day-to-day operations. The Group encourages the use of sustainable materials and the adoption of technologies to streamline production and operation processes and enable better management of environmental impact of its operations.

In 2020, the Group launched its group-wide Environmental Policy to guide the setting of an overall approach of environmental management across its worldwide businesses. To reduce air emissions, HK Electric's new highly efficient combined-cycle gas-fired generating unit equipped with selective catalytic reduction (SCR) system, known as L10 was commissioned this year. Energy Developments also delivered two major clean energy projects in 2020-the Agnew Hybrid Renewable Projects in Western Australia comprising 18 MW wind, 4MW solar and 13 MW/4MWh battery, and the Indy High BTU Renewable Natural Gas Plant in Indiana, USA.

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

BUSINESS REVIEW (CONT'D)

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

The attraction, retention and development of talent are essential for the Group's long-term development. To retain talents, the Group provides competitive compensation packages, and eligible employees are entitled to additional incentives for their contributions to the company's growth, profitability, and other goals. During the COVID-19 pandemic, a series of operational reinforcement measures have been implemented to ensure employee health and safety and continued operations.

As a utility services provider serving a total of over 40 million customers worldwide, the Group is conscious that many of its customers are currently experiencing additional financial challenges and has therefore set up a range of initiatives for those struggling to pay. SA Power Networks in Australia, for instance, launched a COVID-19 Tariff Relief Packages that rebate (writing-off) some network charges to retailers and defer retailer payment terms for other network charges in respect of residential customers and small business customers adversely impacted by the pandemic. UK Power Networks in the UK launched an app for the engineers to assist them in directly helping customers in vulnerable circumstances in the community. The app hosts useful information on medical support, coping with social isolation, wellbeing tips and more.

The Group is aware of the environmental and social impacts that may ensue along the supply chain, and is committed to minimising such risks in the collaborations with suppliers. As stated in the Group's Supplier Code of Conduct, all businesses in its supply chain are required to share the Group's commitment in terms of human rights, working conditions, occupational health and safety, non-discrimination, business ethics and environmental stewardship. Regular monitoring, audits and evaluations are carried out by the Group's businesses to assess the performance of its suppliers.

In the year of 2020, the Group has strengthened its sustainability governance and set up its Sustainability Committee which assists the Board to provide directions and guidance to the Group on sustainability and Environmental, Social and Governance ("ESG") related issues. The Group will also publish its first annual standalone Sustainability Report. Details of the discussion of the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's relationships with the key stakeholders are set out in the Sustainability Report, which will be published on the website of the Stock Exchange and the Company's website at www.cki.com.hk for inspection and download.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2020 are set out in the Consolidated Income Statement on page 83.

The Directors recommend the payment of a final dividend of HK$1.79 per share which, together with the interim dividend of HK$0.68 per share paid on 16th September, 2020, makes the total dividend of HK$2.47 per share for the year.

GROUP FINANCIAL SUMMARY

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

DIRECTORS

The Directors of the Company in office at the date of this Annual Report are listed on page 190 and their biographical information is set out on pages 50 to 57.

In accordance with the Company's Bye-laws, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Accordingly, Mr. Ip Tak Chuen, Edmond, Mr. Fok Kin Ning, Canning, Mr. Andrew John Hunter, Mr. Cheong Ying Chew, Henry, Mr. Barrie Cook 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 ("Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for otherwise disclosed under the section headed "Connected Transaction", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a specified undertaking of the Company was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2020 and as at the date of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

As at 31st December, 2020, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(1) Long Positions in Shares

			Number of Ordinary Shares/Share Stapled Units					
Name of Company	Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate % of Shareholding
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.21%
	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	4,600,850 (Note 3)	1,160,195,710 (Note 2)	1,165,421,760	30.22%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,011,438 (Note 8)	–	6,011,438	0.15%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	Lan Hong Tsung, David	Beneficial owner	13,680	–	–	–	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	–	–	–	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	85,361	16,771	–	833,868 (Note 9)	936,000	0.02%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 10)	11,895 (Note 10)	–	–	11,895	0.0003%
Power Assets Holdings Limited	Kam Hing Lam	Interest of child or spouse	–	100,000	–	–	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	–	–	–	8,800	0.0004%

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

(2) Long Positions in Debentures

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

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

Notes:

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

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

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

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

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

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

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

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

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

3. The 4,600,850 shares in CK Hutchison comprise:

   (a) 3,223,850 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

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

(c) 1,077,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

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

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

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

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

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

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

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

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

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

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

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

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2020, 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, 2020, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

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

Notes:

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

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

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

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

Save as disclosed above, as at 31st December, 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTION

On 14th December, 2020, CKI UK Co 5 Limited ("CKI5"), CKI UK Co 6 Limited and Ever Summit Holdings Limited (which are wholly-owned subsidiaries of the Company) entered into an Implementation Agreement with among others, Northumbrian Water Group Limited ("NWGL", a joint venture of the Company), relating to the internal reorganisation of the capital structure of NWGL ("Reorganisation"). In connection with the Reorganisation, CKI5 agreed to subscribe for additional A ordinary shares in NWGL in proportion to its existing holding of A ordinary shares in NWGL (the "Subscription"), for an aggregate consideration of approximately GBP462.66 million (equivalent to approximately HK$4,770.0 million). The Subscription completed on 16th December, 2020. The purpose of the Reorganisation and the Subscription is to simplify NWGL's capital structure and thereby address concerns from the industry regulator, Ofwat (Water Services Regulation Authority of the United Kingdom), in relation to complex structures involving loans from overseas shareholders. CK Hutchison Holdings Limited ("CKHH") held approximately 71.93% of the issued share capital of the Company as at 14th December, 2020. As CKHH is a substantial shareholder of the Company, CKHH is a connected person of the Company. NWGL is an associate of CKHH and is therefore a connected person of the Company. Accordingly, the Subscription contemplated under the Implementation Agreement constituted a connected transaction for the Company under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

(a) Core Business Activities of the Group

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Non-executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(8)
	Husky Energy Inc.	Co-Chairman*	(1)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President**	(8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Chairman	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (7)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman	(7)
	Husky Energy Inc.	Co-Chairman***	(1)
Frank John Sixt	CK Hutchison Holdings Limited	Group Finance Director and Deputy Managing Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
	TOM Group Limited	Non-executive Chairman	(7) & (8)
	Husky Energy Inc.	Director	(1)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Executive Director	(1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(7) & (8)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	Husky Energy Inc.	Director****	(1)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Man Ka Keung, Simon	Vermillion Aviation Holdings Limited	Director	(2)
Eirene Yeung	Accipiter Holdings Designated Activity Company	Director	(2)

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

* With effect from 1st January, 2021, Mr. Victor T K Li ceased as Director and Co-Chairman of Husky Energy Inc. following the merger of Cenovus Energy Inc. and Husky Energy Inc.

** With effect from 1st September, 2020, Mr. Kam Hing Lam has been re-designated as President of CK Life Sciences Int'l., (Holdings) Inc.

*** With effect from 1st January, 2021, Mr. Fok Kin Ning, Canning has been re-designated as a Director of Husky Energy Inc.

**** With effect from 1st January, 2021, Mr. George Colin Magnus ceased as Director of Husky Energy Inc. following the merger of Cenovus Energy Inc. and Husky Energy Inc.

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, 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2020, 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, 2020.

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$520,000.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 31st December, 2020, 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, 2020 is set out below:

HK$ million	
Non-current assets	657,294
Current assets	37,133
Current liabilities	(75,150)
Non-current liabilities	(456,283)
Net assets	162,994
Share capital	79,654
Reserves	83,702
Non-controlling interests	(362)
Total equity	162,994

As at 31st December, 2020, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$105,807 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2020 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 162 to 164.

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 2021 annual general meeting.

On behalf of the Board

VICTOR T K LI

Chairman

17th March, 2021

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of CK Infrastructure Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 145, which comprise the consolidated statement of financial position as at 31st December, 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONT'D)

Valuation of interests in associates and joint ventures

Key audit matter	How our audit addressed the key audit matter
We identified the valuation of interests in associates and joint ventures as a key audit matter due to the significance of the Group's interests in associates and joint ventures in the context of the Group's consolidated financial statements. As at 31st December, 2020, the carrying amounts of interests in associates and joint ventures amounted to HK$37,133 million and HK$106,803 million, respectively, which represented approximately 22% and 64% of the Group's total assets, respectively. As disclosed in note 3(e) to the consolidated financial statements, interests in associates and joint ventures are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associates and joint ventures, less impairment in the values of individual investments. As such, the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amounts of interests in associates and joint ventures may be impaired. For those associates and joint ventures in which such indication exists, the Group assessed the carrying amounts for impairment. As disclosed in notes 17 and 18 to the consolidated financial statements, no impairment of interests in associates and joint ventures was considered to be necessary by the management as at 31st December, 2020.	Our procedures in relation to the valuation of interests in associates and joint ventures included: • Assessing the appropriateness of the management's accounting for interests in associates and joint ventures; • Understanding and evaluating the management's process for identifying the existence of impairment indicators in respect of the interests in associates and joint ventures; • Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each of the relevant associates and joint ventures and obtaining an understanding from the management of their financial position and future prospects; • Understanding the management process for determining and assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts of those interests in associates or joint ventures with impairment indicators, including projections of cash flows, growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets; and • Performing sensitivity analysis on the key inputs, including growth rates and discount rates, to evaluate the magnitude of their impacts on the calculations of the recoverable amounts of those associates and joint ventures with impairment indicators and assessing the reasonableness of impairment assessment.

KEY AUDIT MATTERS (CONT'D)

Hedge accounting for currency derivatives

Key audit matter	How our audit addressed the key audit matter
We identified the hedge accounting for currency derivatives as a key audit matter because the changes in fair values of these currency derivatives had a significant impact on the consolidated financial statements. As disclosed in note 4(a) to the consolidated financial statements, the Group was exposed to currency risk primarily arising from foreign investments. As further disclosed in note 20 to the consolidated financial statements, the Group utilised currency derivatives to hedge the long-term foreign investments during the year ended 31st December, 2020. The currency derivatives which were designated as net investment hedges, gave rise to assets of HK$473 million and liabilities of HK$1,802 million as at 31st December, 2020 and the fair value changes of these currency derivatives have been deferred in equity as at 31st December, 2020.	Our procedures in relation to the hedge accounting included: • Understanding and evaluating the management process over the valuation of currency derivatives and hedge accounting; • Inspecting the hedge documentations and currency derivatives contracts and evaluating the management's assessment of hedge effectiveness, on a sample basis, and evaluating the accounting for these currency derivatives in accordance with the requirements of Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9") issued by the HKICPA; • Obtaining confirmations directly from contract counterparties to verify the existence of each currency derivative contract held at 31st December, 2020; and • Reperforming mark-to-market valuations, on a sample basis, with the involvement of our financial instruments valuation specialists, to evaluate whether the fair values of the currency derivatives had been reasonably calculated by the management.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17th March, 2021

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December

HK$ million	Notes	2020	2019
Turnover	6	**38,352**	36,125
Sales and interest income from infrastructure investments	6	**7,182**	6,733
Other income	7	**433**	1,271
Operating costs	8	**(4,009)**	(3,665)
Finance costs	9	**(301)**	(332)
Exchange loss		**(391)**	(26)
Share of results of associates		**2,666**	3,033
Share of results of joint ventures		**2,767**	4,459
Profit before taxation	10	**8,347**	11,473
Taxation	11(a)	**(188)**	(129)
Profit for the year	12	**8,159**	11,344
Attributable to:			
Shareholders of the Company		**7,320**	10,506
Owners of perpetual capital securities		**796**	796
Non-controlling interests		**43**	42
		8,159	11,344
Earnings per share	13	**HK$2.91**	HK$4.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December

HK$ million	2020	2019
Profit for the year	**8,159**	11,344
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Loss from fair value changes of derivatives designated as effective cash flow hedges	**(109)**	(139)
Loss from fair value changes of derivatives designated as effective net investment hedges	**(2,296)**	(348)
Exchange differences on translation of financial statements of foreign operations	**4,562**	259
Share of other comprehensive expense of associates	**(211)**	(302)
Share of other comprehensive expense of joint ventures	**(1,554)**	(410)
Reserves released upon disposal of an associate	**–**	173
Reserves released upon disposal of joint ventures	**–**	(5)
Income tax relating to components of other comprehensive income	**654**	236
	1,046	(536)
Items that will not be reclassified to profit or loss:		
Share of other comprehensive (expense)/income of associates	**(698)**	204
Share of other comprehensive (expense)/income of joint ventures	**(2,218)**	552
Income tax relating to components of other comprehensive income/(expense)	**594**	(107)
	(2,322)	649
Other comprehensive (expense)/income for the year	**(1,276)**	113
Total comprehensive income for the year	**6,883**	11,457
Attributable to:		
Shareholders of the Company	**6,036**	10,622
Owners of perpetual capital securities	**796**	796
Non-controlling interests	**51**	39
	6,883	11,457

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December

HK$ million	Notes	2020	2019
Property, plant and equipment	15	**2,965**	2,805
Investment properties	16	**396**	398
Interests in associates	17	**37,133**	36,814
Interests in joint ventures	18	**106,803**	104,952
Other financial assets	19	**1,892**	1,871
Derivative financial instruments	20	**126**	1,107
Goodwill and intangible assets	21	**2,602**	2,486
Deferred tax assets	27	**6**	3
Total non-current assets		**151,923**	150,436
Inventories	22	**146**	137
Derivative financial instruments	20	**347**	1,452
Debtors and prepayments	23	**1,518**	1,082
Bank balances and deposits	24	**13,477**	12,077
Total current assets		**15,488**	14,748
Bank and other loans	25	**4,655**	4,447
Derivative financial instruments	20	**1,030**	345
Creditors, accruals and others	26	**5,152**	5,361
Taxation		**187**	150
Total current liabilities		**11,024**	10,303
Net current assets		**4,464**	4,445
Total assets less current liabilities		**156,387**	154,881
Bank and other loans	25	**27,933**	27,295
Derivative financial instruments	20	**1,378**	547
Deferred tax liabilities	27	**476**	450
Other non-current liabilities		**338**	215
Total non-current liabilities		**30,125**	28,507
Net assets		**126,262**	126,374
Representing:			
Share capital	29	**2,651**	2,651
Reserves		**108,791**	108,953
Equity attributable to shareholders of the Company		**111,442**	111,604
Perpetual capital securities	30	**14,701**	14,701
Non-controlling interests		**119**	69
Total equity		**126,262**	126,374

VICTOR T K LI
Director

IP TAK CHUEN, EDMOND
Director

17th March, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December

HK$ million	Attributable to shareholders of the Company											
	Share capital	Share premium	Treasury shares	Contributed surplus	Property revaluation reserve	Hedging reserve	Exchange translation reserve	Retained profits	Sub-total	Perpetual capital securities	Non-controlling interests	Total
At 1st January, 2019	2,651	25,299	(9,245)	6,062	68	(2,912)	(8,676)	93,858	107,105	14,701	30	121,836
Profit for the year	–	–	–	–	–	–	–	10,506	10,506	796	42	11,344
Loss from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	(139)	–	–	(139)	–	–	(139)
Loss from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	(348)	–	(348)	–	–	(348)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	262	–	262	–	(3)	259
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	(439)	137	204	(98)	–	–	(98)
Share of other comprehensive (expense)/income of joint ventures	–	–	–	–	–	(410)	–	552	142	–	–	142
Reserves released upon disposal of an associate	–	–	–	–	–	39	134	–	173	–	–	173
Reserves released upon disposal of joint ventures	–	–	–	–	–	–	(5)	–	(5)	–	–	(5)
Income tax relating to components of other comprehensive income	–	–	–	–	–	236	–	(107)	129	–	–	129
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(713)	180	11,155	10,622	796	39	11,457
Final dividend paid for the year 2018	–	–	–	–	–	–	–	(4,410)	(4,410)	–	–	(4,410)
Interim dividend paid	–	–	–	–	–	–	–	(1,713)	(1,713)	–	–	(1,713)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(796)	–	(796)
At 31st December, 2019	2,651	25,299	(9,245)	6,062	68	(3,625)	(8,496)	98,890	111,604	14,701	69	126,374
Profit for the year	–	–	–	–	–	–	–	7,320	7,320	796	43	8,159
Loss from fair value changes of derivatives designated as effective cash flow hedges	–	–	–	–	–	(109)	–	–	(109)	–	–	(109)
Loss from fair value changes of derivatives designated as effective net investment hedges	–	–	–	–	–	–	(2,296)	–	(2,296)	–	–	(2,296)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	4,554	–	4,554	–	8	4,562
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	(917)	706	(698)	(909)	–	–	(909)
Share of other comprehensive expense of joint ventures	–	–	–	–	–	(1,554)	–	(2,218)	(3,772)	–	–	(3,772)
Income tax relating to components of other comprehensive income	–	–	–	–	–	654	–	594	1,248	–	–	1,248
Total comprehensive (expense)/ income for the year	–	–	–	–	–	(1,926)	2,964	4,998	6,036	796	51	6,883
Final dividend paid for the year 2019	–	–	–	–	–	–	–	(4,485)	(4,485)	–	(1)	(4,486)
Interim dividend paid	–	–	–	–	–	–	–	(1,713)	(1,713)	–	–	(1,713)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(796)	–	(796)
At 31st December, 2020	**2,651**	**25,299**	**(9,245)**	**6,062**	**68**	**(5,551)**	**(5,532)**	**97,690**	**111,442**	**14,701**	**119**	**126,262**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December

HK$ million	Notes	2020	2019
OPERATING ACTIVITIES			
Cash generated from operating activities before finance costs and income tax paid	32(a)	**3,158**	3,683
Finance costs paid		**(199)**	(369)
Income taxes paid		**(134)**	(78)
Net cash from operating activities		**2,825**	3,236
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(203)**	(363)
Disposals of property, plant and equipment		**1**	6
Additions to intangible assets		**(3)**	(76)
Advances to associates		**(7)**	(24)
Loan repaid from an associate		**–**	112
Investment in a joint venture		**(212)**	(102)
Advances to joint ventures		**(50)**	(93)
Return of capital from a joint venture		**–**	29
Advances repaid from a joint venture/joint ventures		**7**	15
Loan repaid from a joint venture		**1,178**	10
Disposal of an associate		**–**	2,314
Disposal of joint ventures		**45**	74
Dividends received from associates		**2,460**	2,388
Dividends received from joint ventures		**2,488**	1,966
Distribution from a joint venture		**1,380**	–
Net cash (paid)/received on hedging instruments		**(89)**	1,206
Net cash flows from investing activities		**6,995**	7,462
Net cash flows before financing activities		**9,820**	10,698
FINANCING ACTIVITIES			
New bank and other loans	32(b)	**6,684**	3,688
Repayments of bank and other loans	32(b)	**(8,073)**	(1,445)
Repayment of lease principal	32(b)	**(27)**	(26)
Interest paid on lease liabilities	32(b)	**(9)**	(9)
Dividends paid		**(6,198)**	(6,123)
Dividends paid to non-controlling interests		**(1)**	–
Distribution paid on perpetual capital securities		**(796)**	(796)
Net cash utilised in financing activities		**(8,420)**	(4,711)
Net increase in cash and cash equivalents		**1,400**	5,987
Cash and cash equivalents at 1st January		**12,077**	6,090
Cash and cash equivalents at 31st December	24	**13,477**	12,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the Amendments to Reference to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and a number of amendments to 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, 2020. In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions". Except as described below, the adoption of the amendments to HKFRSs has no material impact on the Group's results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 "Interest Rate Benchmark Reform"

In the current year, the Group has adopted Amendments to HKFRS 9, HKAS 39 and HKFRS 7 "Interest Rate Benchmark Reform" (the "Amendments") which are effective for the accounting periods beginning on or after 1st January, 2020. The Amendments were applied retrospectively to hedging relationships that existed on 1st January, 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform.

The Group has certain bank borrowings carrying interest at floating rate which were determined with reference to London Interbank Offered Rate ("LIBOR"). Interest rate swaps were utilised and designated as cash flow hedges to manage its exposure to interest rate movements. Under the ongoing interest rate benchmark reform, there is uncertainty over the negotiation with the counterparties on the introduction of fall back clauses. The Amendments modify certain hedge accounting requirements to allow hedge accounting to continue during the period of uncertainty.

The Amendments will continue to be applied until the uncertainty arising from the interest rate benchmark reform ends.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

HKFRS 17	Insurance Contracts and the Related Amendments
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

3. PRINCIPAL ACCOUNTING POLICIES

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

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

(a) Basis of Consolidation

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

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

(b) Goodwill

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Goodwill (Cont'd)

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

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

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

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

(c) Intangible Assets

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Intangible Assets (Cont'd)

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

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

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

(d) Subsidiaries

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

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

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

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

(e) Associates and Joint Ventures

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Associates and Joint Ventures (Cont'd)

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

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

(f) Property, Plant and Equipment

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

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

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

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

(g) Investment Properties

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(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) Financial Instruments

Investments in securities

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

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

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

Other investments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

Derivative financial instruments and hedge accounting (Cont'd)

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

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

Debtors

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

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

Cash and cash equivalents

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

Bank and other loans

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

Creditors

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

Equity instruments

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) 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. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of the initial fair value less subsequent amortisation and the amount of the expected loss determined in accordance with HKFRS 9.

Fair value

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

Impairment

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Revenue Recognition

Sales of goods

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

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

Sales of services

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

Interest income

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

(k) Foreign Currencies

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(k) Foreign Currencies (Cont'd)

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

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

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

(l) Taxation

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Taxation (Cont'd)

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

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

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

(m) Leases

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(n) Employee Retirement Benefits

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

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

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Currency Risk

The Group is exposed to currency risk primarily arising from foreign investments and borrowings denominated in currencies other than the functional currency of individual subsidiaries, which accounted for 24 per cent of the Group's borrowings (2019: 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 derivatives to hedge most foreign investments financed by internal resources. Given this, the management considers that the net exposure to currency risk is kept to an appropriate level. Details of the currency derivatives entered into by the Group at the end of the reporting period are set out in note 20.

The Group is also exposed to currency risk arising from bank deposits denominated in foreign currencies, which accounted for 74 per cent of the Group's bank balances and deposits at the end of the reporting period (2019: 73 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.

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

(a) Currency Risk (Cont'd)

Sensitivity analysis

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

	2020		2019	
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	25	(542)	48	(478)
Pounds sterling	75	(1,330)	73	(1,207)
Japanese yen	(112)	–	(107)	–
Canadian dollars	9	(358)	6	(342)
New Zealand dollars	16	(78)	2	(73)
Euros	16	(501)	3	(519)

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

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

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

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

(b) Interest Rate Risk

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

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with nearly risk-free alternative rates. The LIBOR to certain bank borrowings and interest rate swaps of the Group may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

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, 2020, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's profit for the year by HK$12 million (2019: HK$12 million). Other comprehensive income would increase by HK$192 million (2019: HK$35 million) in response to the general increase in interest rates. A decrease of 100 basis points in interest rate would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

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

(c) Credit Risk

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

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

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

(c) Credit Risk (Cont'd)

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

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

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

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

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

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

(d) Liquidity Risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in short-term deposits mostly denominated in United States dollars, Hong Kong dollars, Australian dollars, Pounds sterling, 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:

	2020						2019					
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	24,005	24,421	4,856	9,588	9,977	–	23,938	24,947	4,836	4,760	15,351	–
Secured bank loans	1,507	1,531	17	1,514	–	–	1,272	1,338	27	27	1,284	–
Lease liabilities	338	418	43	33	90	252	214	282	31	30	61	160
Unsecured notes and bonds	7,076	7,545	96	96	5,929	1,424	6,532	7,063	90	90	5,469	1,414
Trade creditors	262	262	262	–	–	–	248	248	248	–	–	–
Other payables and accruals	989	989	963	–	–	26	732	732	714	–	–	18
	34,177	35,166	6,237	11,231	15,996	1,702	32,936	34,610	5,946	4,907	22,165	1,592
Derivatives settled gross:												
Currency derivatives held as net investment hedging instruments:												
– outflow		53,585	29,492	8,128	7,000	8,965		50,433	26,193	3,137	12,704	8,399
– inflow		(53,044)	(29,159)	(8,131)	(6,869)	(8,885)		(53,854)	(27,623)	(3,615)	(13,525)	(9,091)
		541	333	(3)	131	80		(3,421)	(1,430)	(478)	(821)	(692)

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

Sensitivity analysis

At 31st December, 2020, 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$86 million (2019: HK$85 million). A 5 per cent increase in prices would have had an equal but opposite effect on the Group's profit for the year and other comprehensive income.

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

(f) Fair Value

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

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

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

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

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

At 31st December, 2020, investment properties amounting to HK$396 million (2019: HK$398 million) and unlisted investment in securities amounting to HK$524 million (2019: HK$508 million) were measured at fair value based on value inputs, other than quoted prices, that are observable either directly or indirectly. Other investments amounting to HK$1,189 million (2019: HK$1,189 million) were measured at fair value based on value inputs that are not observable market data but change of these value inputs to reasonable possible alternatives would not have material effect on the Group's results and financial position.

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

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, 2020 HK$ million	Gross amounts of recognised financial assets / (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets / (liabilities)	Cash collateral pledged / (received)	
Financial asset						
Derivative financial instruments	411	–	411	(411)	–	–
Financial liability						
Derivative financial instruments	(831)	–	(831)	411	–	(420)

As at 31st December, 2019 HK$ million	Gross amounts of recognised financial assets / (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets / (liabilities)	Cash collateral pledged / (received)	
Financial asset						
Derivative financial instruments	1,795	–	1,795	(219)	–	1,576
Financial liability						
Derivative financial instruments	(219)	–	(219)	219	–	–

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Impairment testing of goodwill

Goodwill is tested for impairment annually or more frequently when there is any indication of impairment which required the Group to estimate the value in use of the relevant cash-generating unit. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of goodwill as at 31st December, 2020 is HK$948 million (2019: HK$881 million). Details of the impairment testing of goodwill are disclosed in note 21.

(b) Impairment testing of intangible assets

Impairment testing of intangible assets requires significant judgement and estimate. Intangible assets with indefinite useful lives are tested for impairment annually and intangible assets with definite useful lives are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposals and value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. The carrying value of intangible assets as at 31st December, 2020 is HK$1,654 million (2019: HK$1,605 million).

6. TURNOVER

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

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

HK$ million	2020	2019
Sales of infrastructure materials	**2,390**	2,172
Interest income from loans granted to associates	**285**	289
Interest income from loans granted to joint ventures	**3,028**	2,784
Sales of waste management services	**1,479**	1,488
Sales and interest income from infrastructure investments	**7,182**	6,733
Share of turnover of joint ventures	**31,170**	29,392
Turnover	**38,352**	36,125

7. OTHER INCOME

Other income includes the following:

HK$ million	2020	2019
Gain on disposal of an associate	–	427
Gain on disposal of joint ventures	57	88
Bank interest income	165	196
Change in fair values of investment properties	(2)	16

8. OPERATING COSTS

Operating costs include the following:

HK$ million	2020	2019
Depreciation of property, plant and equipment	325	220
Amortisation of intangible assets	70	81
Cost of inventories sold	1,907	1,742
Cost of services provided	871	860

9. FINANCE COSTS

HK$ million	2020	2019
Interest and other finance costs on		
Bank borrowings	434	590
Notes and bonds	91	95
Lease liabilities	9	10
Others	(233)	(363)
Total	301	332

10. PROFIT BEFORE TAXATION

HK$ million	2020	2019
Profit before taxation is arrived at after charging:		
Staff costs	831	810
Lease expenses relating to short-term leases and leases of low-value assets	58	40
Directors' emoluments (note 33)	100	113
Auditor's remuneration	8	9

11. TAXATION

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

HK$ million	2020	2019
Current taxation – Hong Kong	1	1
Current taxation – outside Hong Kong	177	111
Deferred taxation (note 27)	10	17
Total	188	129

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

HK$ million	2020	2019
Profit before taxation	8,347	11,473
Less: Share of results of associates	(2,666)	(3,033)
Share of results of joint ventures	(2,767)	(4,459)
	2,914	3,981
Tax at 16.5% (2019: 16.5%)	481	657
Tax impact on:		
Different domestic rates of subsidiaries operating in other tax jurisdictions	(175)	(318)
Income not subject to tax	(261)	(323)
Expenses not deductible for tax purpose	93	84
Tax losses and other temporary differences not recognised	34	20
Others	16	9
Tax charge	188	129

12. PROFIT FOR THE YEAR AND SEGMENT INFORMATION

for the year ended 31st December

			Infrastructure Investments																	
	Investment in Power Assets Holdings Limited		United Kingdom		Australia		Continental Europe		Hong Kong and Mainland China		Canada		New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Turnover	–	–	19,355	17,401	6,483	6,387	5,118	5,033	3,434	3,148	1,967	2,101	1,995	2,055	38,352	36,125	–	–	38,352	36,125
Sales and interest income from infrastructure investments	–	–	1,816	1,474	576	681	685	680	2,390	2,172	236	238	1,479	1,488	7,182	6,733	–	–	7,182	6,733
Bank interest income	–	–	–	–	–	–	–	–	47	50	–	–	1	1	48	51	117	145	165	196
Other income	–	–	–	–	–	22	–	–	56	56	–	–	38	2	94	80	117	480	211	560
Depreciation and amortisation	–	–	–	–	–	–	–	–	(177)	(136)	–	–	(217)	(164)	(394)	(300)	(1)	(1)	(395)	(301)
Other operating costs	–	–	–	–	–	(1)	(31)	–	(2,058)	(1,863)	–	–	(1,161)	(1,128)	(3,250)	(2,992)	(364)	(372)	(3,614)	(3,364)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(44)	(57)	(44)	(57)	(257)	(275)	(301)	(332)
Exchange loss	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(391)	(26)	(391)	(26)
Gain on disposal of an associate	–	427	–	–	–	–	–	–	–	–	–	–	–	–	–	427	–	–	–	427
Gain on disposal of joint ventures	–	–	–	–	–	–	–	–	57	88	–	–	–	–	57	88	–	–	57	88
Share of results of associates and joint ventures	2,205	2,564	792	3,161	1,288	1,381	896	105	117	115	64	98	71	68	5,433	7,492	–	–	5,433	7,492
Profit/(Loss) before taxation	2,205	2,991	2,608	4,635	1,864	2,083	1,550	785	432	482	300	336	167	210	9,126	11,522	(779)	(49)	8,347	11,473
Taxation	–	–	(5)	(5)	–	–	–	–	(99)	(69)	(32)	(1)	(31)	(36)	(167)	(111)	(21)	(18)	(188)	(129)
Profit/(Loss) for the year	2,205	2,991	2,603	4,630	1,864	2,083	1,550	785	333	413	268	335	136	174	8,959	11,411	(800)	(67)	8,159	11,344
Attributable to:																				
Shareholders of the Company	2,205	2,991	2,603	4,630	1,864	2,083	1,550	785	290	371	268	335	136	174	8,916	11,369	(1,596)	(863)	7,320	10,506
Owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	796	796	796	796
Non-controlling interests	–	–	–	–	–	–	–	–	43	42	–	–	–	–	43	42	–	–	43	42
	2,205	2,991	2,603	4,630	1,864	2,083	1,550	785	333	413	268	335	136	174	8,959	11,411	(800)	(67)	8,159	11,344

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

for the year ended 31st December

	Investment in Power Assets Holdings Limited		Infrastructure Investments: United Kingdom		Infrastructure Investments: Australia		Infrastructure Investments: Continental Europe		Infrastructure Investments: Hong Kong and Mainland China		Infrastructure Investments: Canada		Infrastructure Investments: New Zealand		Total before unallocated items		Unallocated items		Consolidated	
HK$ million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Other information																				
Expenditure for segment non-current assets:																				
– Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**20**	133	**–**	–	**310**	248	**330**	381	**–**	–	**330**	381
– Additions to intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**3**	76	**3**	76	**–**	–	**3**	76
– Investments in joint ventures	**–**	–	**4,976**	–	**–**	–	**–**	–	**–**	–	**212**	102	**–**	–	**5,188**	102	**–**	–	**5,188**	102
as at 31st December																				
Assets																				
Interests in associates and joint ventures	**30,480**	30,742	**55,873**	56,022	**31,398**	28,637	**16,620**	16,917	**862**	832	**7,661**	7,628	**1,042**	988	**143,936**	141,766	**–**	–	**143,936**	141,766
Property, plant and equipment and investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**1,805**	1,882	**–**	–	**1,554**	1,318	**3,359**	3,200	**2**	3	**3,361**	3,203
Other segment assets	**–**	–	**657**	636	**–**	–	**–**	–	**3,177**	2,988	**7**	4	**3,097**	2,682	**6,938**	6,310	**–**	–	**6,938**	6,310
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**13,176**	13,905	**13,176**	13,905
Total assets	**30,480**	30,742	**56,530**	56,658	**31,398**	28,637	**16,620**	16,917	**5,844**	5,702	**7,668**	7,632	**5,693**	4,988	**154,233**	151,276	**13,178**	13,908	**167,411**	165,184
Liabilities																				
Segment liabilities	**–**	–	**–**	–	**–**	–	**109**	–	**1,120**	887	**36**	13	**2,638**	2,189	**3,903**	3,089	**–**	–	**3,903**	3,089
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**37,246**	35,721	**37,246**	35,721
Total liabilities	**–**	–	**–**	–	**–**	–	**109**	–	**1,120**	887	**36**	13	**2,638**	2,189	**3,903**	3,089	**37,246**	35,721	**41,149**	38,810

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$7,320 million (2019: HK$10,506 million) and on 2,519,610,945 shares (2019: 2,519,610,945 shares) in issue during the year.

The 131,065,097 shares issued in connection with the issue of perpetual capital securities in March 2016 (note 30) were excluded from the calculation of earnings per share since these shares are disregarded for the purpose of determining the number of shares held by the public.

14. DIVIDENDS

(a)

HK$ million	2020	2019
Interim dividend paid of HK$0.68 per share (2019: HK$0.68 per share)	**1,713**	1,713
Proposed final dividend of HK$1.79 per share (2019: HK$1.78 per share)	**4,510**	4,485
Total	**6,223**	6,198

During the year, dividends of HK$6,223 million (2019: HK$6,198 million) are stated after elimination of HK$324 million (2019: HK$322 million) paid/proposed for the shares issued in connection with the issue of perpetual capital securities (note 30).

(b)

HK$ million	2020	2019
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$1.78 per share (2019: HK$1.75 per share)	**4,485**	4,410

Final dividend in respect of the previous financial year, approved and paid during the year ended 31st December, 2020, is stated after elimination of HK$233 million (2019: HK$229 million) for the shares issued in connection with the issue of perpetual capital securities (note 30).

15. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Medium term leasehold land in Hong Kong	Medium term leasehold land outside Hong Kong	Freehold land outside Hong Kong	Buildings	Mains, pipes, other plant and machinery	Leased properties and others	Furniture, fixtures and others	Total
Cost								
At 1st January, 2019	393	147	210	1,384	3,012	343	66	5,555
Transfer between categories	–	–	–	–	9	(9)	–	–
Additions	–	–	83	14	257	18	9	381
Disposals	–	–	–	–	(73)	–	(5)	(78)
Termination of leases	–	–	–	–	–	(22)	–	(22)
Exchange translation differences	–	(3)	(4)	(28)	(70)	(9)	–	(114)
At 31st December, 2019	393	144	289	1,370	3,135	321	70	5,722
Additions	–	–	25	2	174	127	2	330
Disposals	–	–	–	–	(85)	–	(1)	(86)
Termination of leases	–	–	–	–	–	(26)	–	(26)
Exchange translation differences	–	10	24	74	208	34	4	354
At 31st December, 2020	393	154	338	1,446	3,432	456	75	6,294
Accumulated depreciation								
At 1st January, 2019	207	52	–	694	1,722	121	46	2,842
Transfer between categories	–	–	–	–	6	(6)	–	–
Charge for the year	6	3	–	23	156	26	6	220
Disposals	–	–	–	–	(69)	–	(5)	(74)
Termination of leases	–	–	–	–	–	(17)	–	(17)
Exchange translation differences	–	(1)	–	(10)	(38)	(3)	(2)	(54)
At 31st December, 2019	213	54	–	707	1,777	121	45	2,917
Charge for the year	7	3	14	47	220	29	5	325
Disposals	–	–	–	–	(56)	–	(1)	(57)
Termination of leases	–	–	–	–	–	(24)	–	(24)
Exchange translation differences	–	4	1	30	122	9	2	168
At 31st December, 2020	220	61	15	784	2,063	135	51	3,329
Carrying value								
At 31st December, 2020	**173**	**93**	**323**	**662**	**1,369**	**321**	**24**	**2,965**
At 31st December, 2019	180	90	289	663	1,358	200	25	2,805

16. INVESTMENT PROPERTIES

HK$ million	
Medium term leases in Hong Kong, at fair value	
At 1st January, 2019	382
Change in fair values	16
At 31st December, 2019	398
Change in fair values	(2)
At 31st December, 2020	**396**

The fair values of the Group's investment properties at 31st December, 2020 and 2019 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	2020	2019
Investment costs		
– Listed in Hong Kong	**8,036**	8,036
– Unlisted	**730**	730
Share of post-acquisition reserves	**25,163**	25,125
	33,929	33,891
Amounts due by unlisted associates (note 36)	**3,204**	2,923
	37,133	36,814
Market value of investment in a listed associate	**32,120**	43,747

Included in the amounts due by unlisted associates are subordinated loans of HK$3,009 million (2019: HK$2,744 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates.

17. INTERESTS IN ASSOCIATES (CONT'D)

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

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

	Power Assets	
HK$ million	2020	2019
Current assets	6,062	5,015
Non-current assets	87,490	88,556
Current liabilities	(7,406)	(4,324)
Non-current liabilities	(1,380)	(3,755)
Equity	84,766	85,492
Reconciled to the Group's interests in the material associate		
Group's effective interest	35.96%	35.96%
Group's shares of net assets of the material associate and its carrying amount in the consolidated financial statements	30,480	30,742

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

	Power Assets	
HK$ million	2020	2019
Turnover	1,270	1,348
Profit for the year	6,132	7,131
Other comprehensive (expense)/income	(882)	804
Total comprehensive income	5,250	7,935
Dividend received from the material associate	2,149	2,149

17. INTERESTS IN ASSOCIATES (CONT'D)

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

HK$ million	2020	2019
Aggregate carrying amount of individually insignificant associates in the consolidated financial statements	**3,449**	3,149
Aggregate amounts of the Group's share of those associates'		
Profit for the year	**461**	469
Other comprehensive expense	**(222)**	(281)
Total comprehensive income	**239**	188

Particulars of the principal associates are set out in Appendix 2 on pages 142 and 143.

18. INTERESTS IN JOINT VENTURES

HK$ million	2020	2019
Investment costs	**56,865**	51,795
Share of post-acquisition reserves	**10,454**	11,513
	67,319	63,308
Impairment losses	**–**	(75)
	67,319	63,233
Amounts due by joint ventures (note 36)	**39,484**	41,719
	106,803	104,952

Included in the amounts due by joint ventures are subordinated loans of HK$27,557 million (2019: HK$27,105 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, 2020 and no further impairment loss is considered necessary for the year (2019: nil).

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

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

	CK William		UK Power Networks	
HK$ million	**2020**	2019	**2020**	2019
Current assets	**4,419**	3,341	**6,915**	6,795
Non-current assets	**96,895**	88,812	**142,725**	132,638
Current liabilities	**(5,214)**	(8,677)	**(15,874)**	(9,738)
Non-current liabilities	**(74,576)**	(64,216)	**(75,651)**	(72,421)
Equity	**21,524**	19,260	**58,115**	57,274
Reconciled to the Group's interest in the joint ventures				
Group's effective interest	**40%**	40%	**40%**	40%
Group's share of net assets of the joint ventures	**8,610**	7,704	**23,246**	22,910
Consolidation adjustments at Group level and non-controlling interests	**710**	660	**124**	120
Carrying amount of the joint ventures in the consolidated financial statements	**9,320**	8,364	**23,370**	23,030
Included in the above assets and liabilities:				
Cash and cash equivalents	**1,828**	818	**3,081**	3,244
Current financial liabilities (excluding trade and other payables and provisions)	**(1,890)**	(5,666)	**(8,310)**	(978)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(65,729)**	(56,050)	**(56,522)**	(59,071)

18. INTERESTS IN JOINT VENTURES (CONT'D)

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

	CK William		UK Power Networks	
HK$ million	2020	2019	2020	2019
Turnover	10,783	10,418	16,118	15,829
Profit for the year	947	1,223	4,129	5,295
Other comprehensive (expense)/ income	(378)	(412)	(2,846)	1,908
Total comprehensive income	569	811	1,283	7,203
Dividend received from the joint ventures	55	–	964	953
Included in the above profit:				
Depreciation and amortisation	(2,851)	(2,482)	(2,849)	(2,681)
Interest income	18	19	268	287
Interest expense	(2,261)	(2,302)	(2,446)	(2,533)
Income tax expense	(575)	(718)	(2,250)	(1,196)

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

HK$ million	2020	2019
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	34,629	31,839
Aggregate amounts of the Group's share of those joint ventures'		
Profit for the year	737	1,851
Other comprehensive expense	(1,614)	(436)
Total comprehensive (expense)/income	(877)	1,415

Particulars of the principal joint ventures are set out in Appendix 3 on pages 144 and 145.

19. OTHER FINANCIAL ASSETS

HK$ million	2020	2019
Financial assets at fair value through profit or loss		
Equity securities, unlisted	**524**	508
Other investments#	**1,189**	1,189
Financial assets at amortised cost		
Debt securities, unlisted	**179**	174
Total	**1,892**	1,871

Other investments represent the investments under the agreement made as of 31st August, 2018 and as amended as of 30th December, 2019 with CK Hutchison Holdings Limited and its wholly-owned subsidiary. On 30th December, 2019, certain other investments were remeasured at fair value and recognised as interest in joint ventures.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2020		2019	
HK$ million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	**432**	**(1,125)**	1,872	(369)
Cross currency swaps	**41**	**(677)**	687	(26)
Interest rate swaps	**–**	**(606)**	–	(497)
	473	**(2,408)**	2,559	(892)
Portion classified as:				
Non-current	**126**	**(1,378)**	1,107	(547)
Current	**347**	**(1,030)**	1,452	(345)
	473	**(2,408)**	2,559	(892)

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives

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

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

As at 31st December, 2020 Notional amount	Maturity
Sell AUD 159.3 million^	2021
Sell CAD 276.7 million^	2021
Sell GBP 2,411.4 million^	2021
Sell NZD 280.0 million^	2021
Sell CAD 400.0 million^	2022
Sell GBP 76.0 million^	2022
Sell EUR 515.0 million^	2022
Sell CAD 114.9 million^	2023
Sell CAD 200.0 million^	2024
Sell EUR 450.0 million^	2024
Sell CAD 132.5 million^	2025
Sell EUR 65.0 million^	2027
Sell AUD 1,414.8 million^	2027

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Currency Derivatives (Cont'd)

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

^ designated as hedging instrument in accordance with HKFRS 9

The fair values of the above currency derivatives that are designated and effective as net investment hedges totalling HK$1,329 million (net liabilities to the Group) (2019: HK$2,164 million (net assets to the Group)) have been deferred in equity at 31st December, 2020.

None of the above currency derivatives is designated and effective as cash flow hedges and fair value hedges at 31st December, 2020 and 2019.

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, 2020 and the major terms of these contracts are as follows:

As at 31st December, 2020 HK$ million	**Floating interest rate**	**Weighted average fixed interest rate**	**Notional principal amount**
Contracts maturing in 2022	BKBM*	1.53%	830
Contracts maturing in 2022	LIBOR*	1.89%	6,300
Contracts maturing in 2025	BBSW*	2.70%	3,003

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

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

The fair values of the above interest rate swaps that are designated and effective as cash flow hedges totalling HK$393 million (2019: HK$327 million) (net liabilities to the Group) have been deferred in equity at 31st December, 2020.

21. GOODWILL AND INTANGIBLE ASSETS

HK$ million	2020	2019
Goodwill	**948**	881
Intangible assets	**1,654**	1,605
Total	**2,602**	2,486

Goodwill

HK$ million	2020	2019
At 1st January	**881**	905
Exchange difference	**67**	(24)
At 31st December	**948**	881

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

The Group prepared its cash flow projections of each cash-generating unit based on the latest approved budget plus extrapolated cash flows for the subsequent 4 years (2019: 4 years) except for a landfill where the whole life model is used. Cash flow projections for each cash-generating unit are based on the expected terminal growth rate of 3 per cent (2019: 3 per cent). The Group considers that cash flow projections of 5 years (2019: 5 years) are appropriate as they entered long-term contracts with customers.

The model uses a terminal value which is equal to eight to ten times of earnings before interest, taxation, depreciation and amortisation and discount rate of 6.7 per cent to 9.8 per cent (2019: 7.5 per cent to 8.5 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, 2020 and 2019.

21. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

Intangible Assets

HK$ million	Brand name and trademarks	Customer contracts	Resource consents	Computer software	Operation license	Others	Total
Cost							
At 1st January, 2019	125	58	1,459	64	91	12	1,809
Additions	–	–	71	4	–	1	76
Exchange translation differences	(3)	(1)	(37)	(2)	(2)	–	(45)
At 31st December, 2019	122	57	1,493	66	89	13	1,840
Additions	–	–	1	–	–	2	3
Exchange translation differences	9	3	111	5	6	–	134
At 31st December, 2020	131	60	1,605	71	95	15	1,977
Accumulated amortisation							
At 1st January, 2019	–	37	91	18	1	11	158
Charge for the year	–	6	17	6	52	–	81
Exchange translation differences	–	(1)	(2)	–	(1)	–	(4)
At 31st December, 2019	–	42	106	24	52	11	235
Charge for the year	–	5	19	7	38	1	70
Exchange translation differences	–	3	8	2	5	–	18
At 31st December, 2020	–	50	133	33	95	12	323
Carrying value							
At 31st December, 2020	**131**	**10**	**1,472**	**38**	**–**	**3**	**1,654**
At 31st December, 2019	122	15	1,387	42	37	2	1,605

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

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

22. INVENTORIES

HK$ million	2020	2019
Raw materials	62	37
Work-in-progress	26	32
Stores, spare parts and supplies	39	47
Finished goods	19	21
Total	**146**	137

23. DEBTORS AND PREPAYMENTS

HK$ million	2020	2019
Trade debtors	257	263
Prepayments, deposits and other receivables	1,261	819
Total	**1,518**	1,082

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

HK$ million	2020	2019
Current	190	171
Less than 1 month past due	54	70
1 to 3 months past due	11	17
More than 3 months but less than 12 months past due	9	10
More than 12 months past due	7	7
Amount past due	81	104
Loss allowance	(14)	(12)
Total after allowance	**257**	263

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

23. DEBTORS AND PREPAYMENTS (CONT'D)

During the year ended 31st December, 2020, the Group measured the loss allowance based on provision matrix or individual assessment under the expected credit loss model.

The Group used average loss rates ranging from 0.4 per cent to 31.1 per cent (2019: from 0.1 per cent to 31.4 per cent) for provision matrix assessment. The average loss rates were estimated based on historically observed default rates of the debtors and were adjusted for any forward-looking information that was available without undue cost or effort.

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

HK$ million	**2020**	2019
At 1st January	**12**	13
Impairment loss recognised	**3**	1
Impairment loss written back	**(1)**	(2)
At 31st December	**14**	12

24. BANK BALANCES AND DEPOSITS

Bank balances and deposits carry average effective interest rate at 1.00 per cent (2019: 1.98 per cent) per annum.

25. BANK AND OTHER LOANS

HK$ million	2020	2019
Unsecured bank loans repayable:		
Within 1 year	**4,655**	4,447
In the 2nd year	**9,463**	4,421
In the 3rd to 5th year, inclusive	**9,887**	15,070
	24,005	23,938
Unsecured notes and bonds repayable:		
Within 1 year	**–**	–
In the 2nd year	**–**	–
In the 3rd to 5th year, inclusive	**5,700**	5,202
After 5 years	**1,376**	1,330
	7,076	6,532
Secured bank loans repayable:		
Within 1 year	**–**	–
In the 2nd year	**1,507**	–
In the 3rd to 5th year, inclusive	**–**	1,272
	1,507	1,272
Total	**32,588**	31,742
Portion classified as:		
Current liabilities	**4,655**	4,447
Non-current liabilities	**27,933**	27,295
Total	**32,588**	31,742

25. BANK AND OTHER LOANS (CONT'D)

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

	Bank loans		Notes		Bonds		Total	
HK$ million	2020	2019	2020	2019	2020	2019	2020	2019
GBP	1,575	3,048	–	–	–	–	1,575	3,048
AUD	16,004	14,593	–	–	–	–	16,004	14,593
JPY	1,116	1,070	1,116	1,070	–	–	2,232	2,140
EUR	950	867	–	–	5,700	5,202	6,650	6,069
NZD	1,507	1,272	–	–	–	–	1,507	1,272
HKD	4,360	4,360	260	260	–	–	4,620	4,620
Total	25,512	25,210	1,376	1,330	5,700	5,202	32,588	31,742

The average effective interest rate of the Group's bank loans is 1.33 per cent (2019: 2.23 per cent) per annum.

The Group's notes and bonds of HK$7,076 million (2019: HK$6,532 million) were arranged at fixed interest rate and exposed the Group to fair value interest rate risk. Other borrowings were arranged at floating rates, thus exposed the Group to cash flow interest rate risk.

Bank loans carried interest at floating rate, which was determined with reference to BBSY*, LIBOR, USD LIBOR, EURIBOR, BKBM or British Bankers Association Interest Settlement Rate for JPY deposit plus an average margin less than 1 per cent (2019: 1 per cent) per annum.

Fixed rate notes and bonds carried interest ranging from 1 per cent to 4 per cent (2019: interest ranging from 1 per cent to 4 per cent) per annum.

Certain assets were pledged to secure bank borrowings totalling HK$1,507 million (2019: HK$1,272 million) granted to the Group.

* BBSY – Australian Bank Bill Swap Bid Rate

26. CREDITORS, ACCRUALS AND OTHERS

HK$ million	2020	2019
Trade creditors	262	248
Other payables and accruals	4,858	5,091
Lease liabilities	32	22
Total	**5,152**	5,361

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

HK$ million	2020	2019
Current	188	194
1 month	37	26
2 to 3 months	9	7
Over 3 months	28	21
Total	**262**	248

At 31st December, 2020, non-current lease liabilities of HK$306 million (2019: HK$192 million) is included under other non-current liabilities.

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

HK$ million	2020	2019
Within 1 year	32	22
Within a period of more than 1 year but not more than 2 years	32	30
Within a period of more than 2 years but not more than 5 years	86	54
Within a period of more than 5 years	188	108
	338	214
Less: Amount due for settlement within 12 months shown under current liabilities	(32)	(22)
Amount due for settlement after 12 months shown under non-current liabilities (included in other non-current liabilities)	**306**	192

27. DEFERRED TAX ASSETS/LIABILITIES

HK$ million	2020	2019
Deferred tax assets	(6)	(3)
Deferred tax liabilities	476	450
Total	**470**	447

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

HK$ million	Accelerated tax depreciation	Tax losses	Fair value arising from business combination	Others	Total
At 1st January, 2019	86	(6)	395	(28)	447
Charge/(Credit) to profit for the year	66	(67)	4	14	17
Exchange translation differences	(2)	–	(11)	–	(13)
Others	–	6	–	(10)	(4)
At 31st December, 2019	150	(67)	388	(24)	447
(Credit)/Charge to profit for the year	(8)	1	(3)	20	10
Exchange translation differences	3	–	29	(3)	29
Others	–	–	–	(16)	(16)
At 31st December, 2020	**145**	**(66)**	**414**	**(23)**	**470**

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$1,764 million (2019: HK$1,563 million) at 31st December, 2020. 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	2020	2019
Within 1 year	–	–
In the 2nd year	–	80
In the 3rd to 5th year, inclusive	–	30
No expiry date	1,764	1,453
Total	**1,764**	1,563

28. RETIREMENT PLANS

Defined Contribution Retirement Plans

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

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

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

28. RETIREMENT PLANS (CONT'D)

Defined Contribution Retirement Plans (Cont'd)

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

The Group's costs in respect of defined contribution plans for the year amounted to HK$24 million (2019: HK$27 million). No forfeited contributions and earnings for the year under the defined contribution plans were used to reduce the existing level of contributions (2019: HK$1 million). At 31st December, 2020, there were no forfeited contributions and earnings available to the Group to reduce its contributions to the defined contribution plans in future years (2019: nil).

29. SHARE CAPITAL

	Number of Shares		Amount	
	2020	2019	2020 HK$ million	2019 HK$ million
Authorised:				
Ordinary shares of HK$1 each	**4,000,000,000**	4,000,000,000	**4,000**	4,000
Issued and fully paid:				
Ordinary shares of HK$1 each	**2,650,676,042**	2,650,676,042	**2,651**	2,651

30. PERPETUAL CAPITAL SECURITIES

On 1st March, 2016, OVPH Limited (the "Issuer") issued US$1,200 million perpetual capital securities which are guaranteed by the Company and listed on Hong Kong Stock Exchange at an issue price of 100 per cent. Distribution is payable semi-annually in arrear based on a fixed rate, which is 5.875 per cent per annum. Distribution by the Issuer may be deferred at its sole discretion. These perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer's option on 1st March, 2021, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 2nd March, 2016, the Company issued 131,065,097 new ordinary shares to the Issuer for a consideration of approximately US$1,200 million (equivalent to approximately HK$9,360 million). The net proceeds for the shares issued were approximately HK$9,245 million. The shares were issued in connection with the issue of the above perpetual capital securities. A swap agreement dated 1st March, 2016 was entered into between the Company and the Issuer under which the Issuer is obliged to act in accordance with directions from the Company on certain matters. As a result, these shares were accounted for as treasury shares.

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

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

31. CAPITAL MANAGEMENT

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

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

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

The Group maintained a low net debt to net total capital ratio of 13.1 per cent (2019: 13.5 per cent) as at 31st December, 2020. The management targets to maintain a solid capital position to pursue more new investment opportunities. The Group's overall strategy remains unchanged from 2019.

The net debt to net total capital ratios at 31st December, 2020 and 2019 were as follows:

HK$ million	2020	2019
Total debts	**32,588**	31,742
Bank balances and deposits	**(13,477)**	(12,077)
Net debt	**19,111**	19,665
Net total capital	**145,373**	146,039
Net debt to net total capital ratio	**13.1%**	13.5%

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

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

HK$ million	2020	2019
Profit before taxation	8,347	11,473
Share of results of associates	(2,666)	(3,033)
Share of results of joint ventures	(2,767)	(4,459)
Interest income from loans granted to associates	(285)	(289)
Interest income from loans granted to joint ventures	(3,028)	(2,784)
Bank interest income	(165)	(196)
Finance costs	301	332
Depreciation of property, plant and equipment	325	220
Amortisation of intangible assets	70	81
Change in fair values of investment properties	2	(16)
Loss/(Gain) on disposal of property, plant and equipment	28	(2)
Gain on disposal of an associate	–	(427)
Gain on disposal of joint ventures	(57)	(88)
Change in fair value of derivative financial instruments	130	–
Unrealised exchange loss	93	39
Returns received from joint ventures	2	134
Interest received from associates	285	284
Interest received from joint ventures	1,818	2,453
Bank interest received	172	194
Others	–	3
Operating cash flows before changes in working capital	2,605	3,919
(Increase)/Decrease in inventories	(9)	33
Increase in debtors and prepayments	(24)	(168)
Increase in creditors and accruals	487	388
Exchange translation differences	99	(489)
Cash generated from operating activities before finance costs and income taxes paid	**3,158**	3,683

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

(b) Reconciliation of liabilities arising from financial activities

HK$ million	Unsecured bank loans	Secured bank loans	Lease liabilities	Unsecured notes and bonds	Total
At 1st January, 2019	22,007	1,228	236	6,890	30,361
Financing cash flows	2,385	71	(35)	(213)	2,208
New lease entered/lease modified	–	–	10	–	10
Interest expenses	–	–	10	–	10
Exchange gain	(454)	(27)	(7)	(145)	(633)
At 31st December, 2019	23,938	1,272	214	6,532	31,956
Financing cash flows	(1,506)	117	(36)	–	(1,425)
New lease entered/lease modified	–	–	125	–	125
Interest expenses	–	–	9	–	9
Exchange loss	1,573	118	26	544	2,261
At 31st December, 2020	**24,005**	**1,507**	**338**	**7,076**	**32,926**

(c) Funds from Operations*

HK$ million	2020	2019
Net cash from operating activities	**2,825**	3,236
Dividends received from associates	**2,460**	2,388
Dividends received from joint ventures	**2,488**	1,966
	7,773	7,590

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

33. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments comprise payments to the Company's directors by the Group in connection with the management of the affairs of the Group. The independent non-executive directors ("INED") receive an annual director's fee of HK$75,000 each; and for those acting as the audit committee members ("ACM"), additional annual fee of HK$80,000 each is paid. For those INED acting as remuneration committee members ("RCM"), nomination committee members ("NCM") and sustainability committee members ("SCM"), additional annual fee of HK$25,000 each is paid. The emoluments of each of the Company's directors for the current year, excluding emoluments received from the Group's associates, are as follows:

HK$ million	Fees	Basic Salaries, Allowances and Other Benefits	Bonuses	Provident Fund Contributions	Inducement or Compensation Fees	**Total Emoluments 2020**	Total Emoluments 2019
Victor T K Li (1 and 3)	0.102	–	25.924	–	–	**26.026**	33.311
Kam Hing Lam	0.075	4.200	9.416	–	–	**13.691**	16.347
Ip Tak Chuen, Edmond	0.077	1.800	10.261	–	–	**12.138**	13.947
Fok Kin Ning, Canning (1)	0.075	–	–	–	–	**0.075**	0.075
Frank John Sixt	0.075	–	–	–	–	**0.075**	0.075
Andrew John Hunter (1)	0.075	12.669	13.850	1.265	–	**27.859**	28.829
Chan Loi Shun (1, 2 and 3)	0.075	7.107	2.850	0.709	–	**10.741**	10.793
Chen Tsien Hua	0.075	5.740	2.290	0.572	–	**8.677**	8.747
Cheong Ying Chew, Henry (4)	0.180	–	–	–	–	**0.180**	0.180
Kwok Eva Lee (4)	0.077	–	–	–	–	**0.077**	0.112
Sng Sow-Mei (4)	0.155	–	–	–	–	**0.155**	0.155
Colin Stevens Russel (4)	0.143	–	–	–	–	**0.143**	0.180
Lan Hong Tsung, David (4)	0.155	–	–	–	–	**0.155**	0.155
Barrie Cook (4)	0.077	–	–	–	–	**0.077**	0.075
Paul Joseph Tighe (4)	0.157	–	–	–	–	**0.157**	0.138
Lee Pui Ling, Angelina	0.075	–	–	–	–	**0.075**	0.075
George Colin Magnus	0.075	–	–	–	–	**0.075**	0.075
Total for the year 2020	**1.723**	**31.516**	**64.591**	**2.546**	**–**	**100.376**	
Total for the year 2019	1.745	31.098	77.921	2.505	–		113.269

Notes:

(1) During the year, Mr. Victor T K Li, Mr. Andrew John Hunter and Mr. Chan Loi Shun each received directors' fees of HK$70,000 (2019: HK$70,000), Mr. Fok Kin Ning, Canning received director's fees of HK$120,000 (2019: HK$120,000) from Power Assets. The directors' fees totalling HK$330,000 (2019: HK$330,000) were then paid back to the Company.

(2) During the year, the directors' emoluments in the sum of HK$5,502,100 (2019: HK$5,316,000) received by Mr. Chan Loi Shun from Power Assets were paid back to the Company.

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

Notes (Cont'd):

(3) Mr. Victor T K Li and Mr. Chan Loi Shun have acted as NCM and SCM of Power Assets during the period from 1st December, 2020 to 31st December, 2020 respectively. The fees totalling HK$3,388 (2019: nil) were then paid back to the Company.

(4) INED, ACM, RCM, NCM and SCM – During the year, Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei and Mr. Paul Joseph Tighe have acted as INED and ACM of the Company. Mr. Colin Stevens Russel has acted as INED of the Company during the year and acted as ACM of the Company during the period from 1st January, 2020 to 14th July, 2020. Mr. Cheong Ying Chew, Henry and Mr. Colin Stevens Russel have acted as RCM of the Company during the year. Mrs. Kwok Eva Lee and Mr. Barrie Cook have acted as NCM of the Company during the period from 1st December, 2020 to 31st December, 2020. Mr. Paul Joseph Tighe has acted as SCM of the Company during the period from 1st December, 2020 to 31st December, 2020. The total emoluments paid to these INED, ACM, RCM, NCM and SCM during the year were HK$944,193 (2019: HK$994,507).

Of the five individuals with the highest emoluments in the Group, all (2019: all) are directors whose emoluments are disclosed above.

34. COMMITMENTS

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

	Contracted but not provided for	
HK$ million	2020	2019
Investments in joint ventures	13	242
Plant and machinery	287	219
Total	300	461

35. CONTINGENT LIABILITIES

The contingent liabilities of the Group are as follows:

HK$ million	2020	2019
Guarantee in respect of bank loan drawn by a joint venture	**1,191**	1,161
Other guarantees given in respect of a joint venture	**438**	493
Performance bond indemnities	**173**	103
Total	**1,802**	1,757

36. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group advanced HK$7 million (2019: HK$24 million) to its unlisted associates. The Group received repayment of HK$112 million from an unlisted associate in 2019. The total outstanding loan balances as at 31st December, 2020 amounted to HK$3,204 million (2019: HK$2,923 million), of which HK$3,043 million (2019: HK$2,744 million) at fixed rates ranging from 10.88 per cent to 11.22 per cent (2019: from 10.85 per cent to 11.19 per cent) per annum and HK$161 million (2019: HK$179 million) was interest-free. The average effective interest rate of the loan granted to associates is 11.08 per cent (2019: 11.04 per cent) per annum. As stated in note 6, interest income from loans granted to associates during the year amounted to HK$285 million (2019: HK$289 million). The loans had no fixed terms of repayment.

During the year, the Group advanced HK$50 million (2019: HK$93 million) to its joint ventures. The Group received return of capital of HK$29 million in 2019 and repayments of HK$1,185 million (2019: HK$25 million) from its joint ventures. The total outstanding loan balances as at 31st December, 2020 amounted to HK$39,484 million (2019: HK$41,719 million), of which HK$19,239 million (2019: HK$17,849 million) bore interest with reference to London Interbank Offered Rate, Australian Bank Bill Swap Reference Rate and return from joint ventures, and HK$19,232 million (2019: HK$23,071 million) at fixed rate ranging from 4.4 per cent to 14 per cent (2019: from 4.2 per cent to 14 per cent) per annum, and HK$1,013 million (2019: HK$799 million) was interest-free. The average effective interest rate of the loan granted to joint ventures is 6.17 per cent (2019: 6.84 per cent) per annum. As stated in note 6, interest income from loans granted to joint ventures during the year amounted to HK$3,028 million (2019: HK$2,784 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$338 million (2019: HK$292 million) and HK$2 million (2019: HK$2 million), respectively. The Group also received income and incurred operating costs from sales of waste management services from/to its joint ventures amounted to HK$79 million (2019: HK$91 million) and HK$54 million (2019: HK$55 million), respectively for the current year.

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

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

as at 31st December

HK$ million	2020	2019
Property, plant and equipment	2	3
Unlisted investments in subsidiaries	48,170	48,170
Total non-current assets	**48,172**	48,173
Amounts due from subsidiaries	57,866	56,753
Amount due from a joint venture	8	2
Prepayments, deposits and other receivables	15	33
Bank balances	16	9
Total current assets	**57,905**	56,797
Amounts due to subsidiaries	51,555	50,468
Other payables and accruals	276	296
Total current liabilities	**51,831**	50,764
Net current assets	**6,074**	6,033
Net assets	**54,246**	54,206
Representing:		
Share capital	2,651	2,651
Reserves	51,595	51,555
Total equity	**54,246**	54,206

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

(b) Movements in the Company's Equity

HK$ million	Share capital	Share premium	Retained profits	Total
At 1st January, 2019	2,651	25,267	26,571	54,489
Profit for the year	–	–	6,158	6,158
Final dividend paid for the year 2018	–	–	(4,639)	(4,639)
Interim dividend paid	–	–	(1,802)	(1,802)
At 31st December, 2019	2,651	25,267	26,288	54,206
Profit for the year	–	–	6,561	6,561
Final dividend paid for the year 2019	–	–	(4,719)	(4,719)
Interim dividend paid	–	–	(1,802)	(1,802)
At 31st December, 2020	**2,651**	**25,267**	**26,328**	**54,246**

38. EVENT AFTER THE REPORTING PERIOD

On 1st March, 2021, all outstanding US$1,200 million perpetual capital securities ("Securities") as disclosed in note 30 were redeemed in full at a redemption price equal to 100 per cent of the principal amount, plus accrued and unpaid distribution up to such date. After redemption of the outstanding Securities, all Securities have been withdrawn from listing on Hong Kong Stock Exchange.

39. COMPARATIVE FIGURES

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

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 83 to 145 were approved by the Board of Directors on 17th March, 2021.

PRINCIPAL SUBSIDIARIES

APPENDIX 1

The table below shows the subsidiaries as at 31st December, 2020 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

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

PRINCIPAL ASSOCIATES

APPENDIX 2

The table below shows the associates as at 31st December, 2020 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the associates would, in the opinion of the Directors, result in particulars of excessive length.

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

Notes:

1. The associate is listed on Hong Kong Stock Exchange.

2. SA Power Networks Partnership, an unincorporated body, is formed by the following companies:

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

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

   The partnership operates and manages the electricity distribution business in the State of South Australia of Australia.

3. Victoria Power Networks Pty Limited owns 100 per cent interests in the following companies:

   Powercor Australia Ltd
   CitiPower Pty Ltd
   The CitiPower Trust

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

PRINCIPAL JOINT VENTURES

APPENDIX 3

The table below shows the joint ventures as at 31st December, 2020 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of all the joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
UK Power Networks Holdings Limited	United Kingdom	£6,000,000 A ordinary £4,000,000 B ordinary £360,000,000 A preference £240,000,000 B preference	40	Electricity distribution
Northumbrian Water Group Limited (note 3)	United Kingdom	£39 A ordinary £142 B ordinary	52	Water supply, sewerage and waste water businesses
Northern Gas Networks Holdings Limited	United Kingdom	£71,670,979 ordinary £1 special	47	Gas distribution
Wales & West Gas Networks (Holdings) Limited (note 3)	United Kingdom	£29,027	39	Gas distribution
Electricity First Limited	United Kingdom	£1,004	50	Electricity generation
Eversholt UK Rails Limited (note 3)	United Kingdom	£102	65	Leasing of rolling stock
CK William UK Holdings Limited (note 1 & 2)	United Kingdom	£2,049,000,000	40	Investment holding
Australian Gas Networks Limited	Australia	A$879,082,753	45	Gas distribution
Canadian Power Holdings Inc.	Canada	C$137,000,000 ordinary	50	Electricity generation
1822604 Alberta Ltd. (note 3)	Canada	C$1	65	Off-airport parking operation

APPENDIX 3 (CONT'D)

Name	Place of incorporation/ principal place of business	Issued share capital	Percentage of equity attributable to the Group	Principal activities
Husky Midstream Limited Partnership	Canada	C$1,153,845,000 class A units C$621,301,154 class B units C$1,776,923 general partnership interest	16	Oil pipelines, storage facilities and ancillary assets operation
CKP (Canada) Holdings Limited	Canada	C$1,143,862,830	25	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
Wellington Electricity Distribution Network Limited	New Zealand	NZ$406,500,100	50	Electricity distribution
Trionista TopCo GmbH	Germany	€25,000	35	Sub-metering and related services
AVR-Afvalverwerking B.V. (note 3)	The Netherlands	€1	46	Producing energy from waste

Notes:

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

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

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

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

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

SCHEDULE OF MAJOR PROPERTIES

APPENDIX 4

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

I: Industrial   C: Commercial

CORPORATE GOVERNANCE REPORT

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

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year ended 31st December, 2020.

The Company established its nomination committee ("Nomination Committee") in accordance with the terms of the code provision A.5.1 of the CG Code on 1st January, 2019. The Nomination Committee currently comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. During the period from 1st January, 2020 to 30th November, 2020, the Nomination Committee was chaired by the Chairman of the Board and comprised all the Directors of the Company, and when the need to select, nominate or re-elect Directors arose, the Nomination Committee established a sub-committee ("Sub-Committee") chaired by the Chairman of the Board and comprising a majority of Independent Non-executive Directors in accordance with the requirements under the Listing Rules in relation to the composition of the nomination committee, to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected.

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

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	**DIRECTORS**		
A.1	**The Board** ***Corporate Governance Principle*** *The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.* *The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.*		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	• The Board meets regularly and held meetings in March, May, August and November of 2020. • Directors' attendance record in 2020 is as follows: **Members of the Board — Attendance** **Executive Directors** Victor T K LI *(Chairman)* 4/4 KAM Hing Lam *(Group Managing Director)* 4/4 IP Tak Chuen, Edmond *(Deputy Chairman)* 4/4 FOK Kin Ning, Canning *(Deputy Chairman)* 4/4 Frank John SIXT 4/4 Andrew John HUNTER *(Deputy Managing Director)* 4/4 CHAN Loi Shun *(Chief Financial Officer)* 4/4 CHEN Tsien Hua 4/4 **Independent Non-executive Directors** CHEONG Ying Chew, Henry 4/4 KWOK Eva Lee 4/4 SNG Sow-mei alias POON Sow Mei 4/4 Colin Stevens RUSSEL 3/4 LAN Hong Tsung, David 4/4 Barrie COOK 3/4 Paul Joseph TIGHE 4/4 **Non-executive Directors** LEE Pui Ling, Angelina 4/4 George Colin MAGNUS 4/4 • The Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors (if applicable) in accordance with the Company's Bye-laws. An updated and consolidated version of the Company's Memorandum of Association and Bye-laws (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). The Company's constitutional documents were amended during the year 2020.

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 2020/2021.
A.2	**Chairman and Chief Executive** ***Corporate Governance Principle*** *There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.*		

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.2.1</td><td>– Separate roles of chairman and chief executive not to be performed by the same individual.
– Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</td><td>C
C</td><td>• The positions of Chairman and Group Managing Director are currently held by separate individuals.
• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Group Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</td></tr>
<tr><td>A.2.2</td><td>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</td><td>C</td><td>• With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.
• In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2020. Attendance record in 2020 is as follows:
<table>
<tr><th></th><th>Attendance</th></tr>
<tr><td>Chairman</td><td></td></tr>
<tr><td>Victor T K LI</td><td>2/2</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>2/2</td></tr>
<tr><td>KWOK Eva Lee</td><td>2/2</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>2/2</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>2/2</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>2/2</td></tr>
<tr><td>Barrie COOK</td><td>1/2</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>2/2</td></tr>
</table></td></tr>
<tr><td>A.2.3</td><td>The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.</td><td>C</td><td>• The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.
• Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</td></tr>
<tr><td>A.2.4</td><td>– The chairman to provide leadership for the board.
– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.
– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.</td><td>C
C
C</td><td>• The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board.
• The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.
• The Board meets regularly and held meetings in March, May, August and November of 2020.
• With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner.
• The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.</td></tr>
<tr><td>A.2.5</td><td>The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.</td><td>C</td><td>• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.6	– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.	C C	• Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	C	• In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2020. Please refer to A.2.2 above for the attendance records.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	• The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	**Board composition** ***Corporate Governance Principle*** *The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.*		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	• The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. • The Board consists of a total of seventeen Directors, comprising eight Executive Directors, two Non-executive Directors and seven Independent Non-executive Directors. Three Alternate Directors were appointed. More than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. • Details of the composition of the Board are set out on page 190. • The Directors' biographical information and the relationships among the Directors are set out on pages 50 to 57. • Review of the Board composition is made regularly through Nomination Committee to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	• The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	**Appointments, re-election and removal** ***Corporate Governance Principle*** *There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.*		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	• All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. – Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C C	• In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment. • Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. • All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. • The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published on its website the procedures for shareholders to propose a person for election as a Director.
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. – The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	C C	• Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • The Board has expressed the view in its circular for 2021 annual general meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Board has expressed its view in the circular for the 2021 annual general meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/
Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>A.5</td><td colspan="3">Nomination Committee
Corporate Governance Principle
In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</td></tr>
<tr><td>A.5.1</td><td>The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.</td><td>C</td><td>• The Company established its Nomination Committee on 1st January, 2019 which currently comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee comprises Mrs. Kwok Eva Lee, an Independent Non-executive Director as Chairperson, Mr. Victor T K Li and Mr. Barrie Cook, an Independent Non-executive Director, as members.
• During the period from 1st January, 2020 to 30th November, 2020, the Nomination Committee was chaired by the Chairman of the Board and comprised all the Directors of the Company, and when the need to select, nominate or re-elect Directors arose, the Nomination Committee established a Sub-Committee chaired by the Chairman of the Board and comprising a majority of Independent Non-executive Directors in accordance with the requirements under the Listing Rules in relation to the composition of the nomination committee, to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected.
• A Sub-Committee comprising a majority of Independent Non-executive Directors, with Mr. Victor T K Li as chairman and Mrs. Kwok Eva Lee and Mr. Lan Hong Tsung, David, both Independent Non-executive Directors as members, was established in March 2020 for the purpose of considering and recommending the retiring Directors for re-election at the 2020 annual general meeting.
• Nomination Committee meeting was held in March 2020. During the period from 1st January, 2020 to 30th November, 2020, the Nomination Committee was chaired by the Chairman of the Board and comprised all the Directors of the Company. All members (except the Independent Non-executive Director, namely Mr. Colin Stevens Russel) attended the Nomination Committee meeting held in March 2020.</td></tr>
<tr><td>A.5.2</td><td>– The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.
– It should perform the following duties:–
1. review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy;
2. identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;
3. assess the independence of independent non-executive directors; and
4. make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</td><td>C

C</td><td>• The terms of reference of the Nomination Committee follow closely the requirements of the CG Code. In connection with the change of composition of the Nomination Committee, the terms of reference of the Nomination Committee has been updated on 1st December, 2020.
• The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship.
• The following is a summary of the work of the Nomination Committee and the Sub-Committee during 2020:
1. Review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and make recommendations on any proposed changes, where applicable;
2. Facilitate the Board in the conduct of the selection and nomination process, including identify suitable candidates for consideration by the Board;
3. Assess the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules; and
4. Make recommendation to the Board on the re-election of Directors at the 2020 annual general meeting.
• In August 2013, the Company has established a policy on diversity of Board members ("Board Diversity Policy") which has been modified from time to time, and the same is available on the Company's website.
• In the Board Diversity Policy:–
1. The Company recognises the benefits of a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.
2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, education background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board.</td></tr>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (Cont'd)			3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. 4. The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as Directors, reviewing succession plan of Directors and making recommendation on these matters to the Board for approval. To this end, the Company is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. • The Nomination Committee reviews from time to time the Board Diversity Policy, monitors its implementation to ensure its continued effectiveness and makes recommendation on any revisions as may be required to the Board for approval. • In January 2019, the Company established a Director Nomination Policy which was modified in December 2020 to set out the approach and procedures the Board adopts for the nomination and selection of Directors, including the appointment of additional Directors, replacement of Directors and re-election of Directors. • According to the Director Nomination Policy:- 1. The Nomination Committee shall from time to time identify, assess, select and nominate suitable director candidates to the Board for it to consider for appointment. The ultimate responsibility for the selection and appointment of Directors rests with the Board as a whole. In the determination of the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity, gender diversity and such other factors that it may consider appropriate for a position on the Board. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates. 2. If the Nomination Committee determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, make recommendation to the Board for its consideration, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Company's Bye-laws and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. • The Director Nomination Policy is posted on the website of the Company. The Nomination Committee will from time to time review the Director Nomination Policy, monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and makes recommendation on any proposed revisions as may be required to the Board for approval.
A.5.3	The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	• The terms of reference of the Nomination Committee (both English and Chinese versions) are posted on the websites of the Company and HKEx. • The principal responsibilities of the Nomination Committee are: 1. to review at least once annually the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the Board to achieve the Group corporate strategy as well as promote shareholder value; 2. to identify suitable director candidates and select or make recommendation to the Board on the selection of individuals to be nominated as Directors; 3. to assess the independence of independent non-executive Directors having regard to the criteria under the Listing Rules; 4. to make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and 5. to review the Director Nomination Policy and the Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.4	The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.	C	• The Nomination Committee is empowered to seek any information they require from senior management of the Company in order to perform their duties and to have access to independent professional advice where necessary.
A.5.5	Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:		• Please refer to A.4.3 above for the details. • The following information has been set out in the Company's circular to shareholders for the proposed resolution to elect an individual as an Independent Non-executive Director at the 2020 annual general meeting: 1. the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent; 2. if the proposed Independent Non-executive Director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board; 3. the perspectives, skills and experience that the individual can bring to the Board; and 4. how the individual contributes to diversity of the Board.
	1. the process used for identifying the individual and why it believes the individual should be elected and the reasons why it considers the individual to be independent;	C	
	2. if the proposed independent non-executive director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;	C	
	3. the perspectives, skills and experience that the individual can bring to the board; and	C	
	4. how the individual contributes to diversity of the board.	C	
A.6	**Responsibilities of Directors** ***Corporate Governance Principle*** *Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.*		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	• The Company Secretary and authorised officers 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. • Briefing meetings will be arranged with key officers of the Company for newly appointed Directors to provide an orientation on matters such as business operation, finance, accounting and risk management. • 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. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.

<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.6.2</td><td>The functions of non-executive directors include:
– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings;
– take the lead on potential conflicts of interests;
– serve on the audit, remuneration, nomination and other governance committees, if invited; and
– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.</td><td>
C

C
C

C</td><td>

- 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.
- Individual Independent Non-executive Directors serve on the different committees, namely, audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee"), Nomination Committee and sustainability committee ("Sustainability Committee") of the Company.
- The table below provides membership information of these committees on which the Independent Non-executive Directors serve:–

<table>
<tr><th></th><th colspan="4">Board Committee</th></tr>
<tr><th>Directors</th><th>Audit Committee</th><th>Remuneration Committee*</th><th>Nomination Committee*</th><th>Sustainability Committee*</th></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>M</td><td>C</td><td>–</td><td>–</td></tr>
<tr><td>KWOK Eva Lee</td><td>–</td><td>–</td><td>C</td><td>–</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>C</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>–</td><td>M</td><td>–</td><td>–</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>M</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Barrie COOK</td><td>–</td><td>–</td><td>M</td><td>–</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>M</td><td>–</td><td>–</td><td>M</td></tr>
</table>

Notes:
* also comprises other Board members/key personnel
C Chairman/Chairperson of the relevant Board committees
M Member of the relevant Board committees
</td></tr>
<tr><td>A.6.3</td><td>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.</td><td>C</td><td>

- 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.
</td></tr>
<tr><td>A.6.4</td><td>Board should establish written guidelines no less exacting than the Model Code for relevant employees.</td><td>C</td><td>

- The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules.
- Confirmation has been received from all Directors that they complied with the required standards set out in the Model Code for the year ended 31st December, 2020.
- Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.
- Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance. The policy has been further revised in July 2020 and such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company.
</td></tr>
<tr><td>A.6.5</td><td>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</td><td>C</td><td>

- A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference.
- In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
- The Directors have provided to the Company their records of continuous professional development during the year 2020.
</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.6.5
(Cont'd)</td><td></td><td></td><td>
• During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.
• The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:
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.
• Record of the Directors' training during 2020 is as follows:
<table>
<tr><th>Members of the Board</th><th>Training received</th></tr>
<tr><td>Executive Directors</td><td></td></tr>
<tr><td>Victor T K LI (Chairman)</td><td>(1), (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), (2) & (3)</td></tr>
<tr><td>FOK Kin Ning, Canning (Deputy Chairman)</td><td>(1) & (3)</td></tr>
<tr><td>Frank John SIXT</td><td>(1) & (3)</td></tr>
<tr><td>Andrew John HUNTER (Deputy Managing Director)</td><td>(1) & (3)</td></tr>
<tr><td>CHAN Loi Shun (Chief Financial Officer)</td><td>(1), (2) & (3)</td></tr>
<tr><td>CHEN Tsien Hua</td><td>(1), (2) & (3)</td></tr>
<tr><td>Independent Non-executive Directors</td><td></td></tr>
<tr><td>CHEONG Ying Chew, Henry</td><td>(1), (2) & (3)</td></tr>
<tr><td>KWOK Eva Lee</td><td>(1), (2) & (3)</td></tr>
<tr><td>SNG Sow-mei alias POON Sow Mei</td><td>(1), (2) & (3)</td></tr>
<tr><td>Colin Stevens RUSSEL</td><td>(1), (2) & (3)</td></tr>
<tr><td>LAN Hong Tsung, David</td><td>(1) & (3)</td></tr>
<tr><td>Barrie COOK</td><td>(1), (2) & (3)</td></tr>
<tr><td>Paul Joseph TIGHE</td><td>(1), (2) & (3)</td></tr>
<tr><td>Non-executive Directors</td><td></td></tr>
<tr><td>LEE Pui Ling, Angelina</td><td>(1), (2) & (3)</td></tr>
<tr><td>George Colin MAGNUS</td><td>(1), (2) & (3)</td></tr>
</table>
</td></tr>
<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>
</table>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.	C	• There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Independent Non-executive Directors and the annual general meeting during the year. Please refer to A.1.1, A.2.2, A.5.1, B.1.2, C.3.3 and E.1.2 for the attendance records. • Extent of participation and contribution should be viewed both quantitatively and qualitatively.
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	• Please refer to A.6.7 above.
A.7	**Supply of and access to information** ***Corporate Governance Principle*** *Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.*		
A.7.1	– Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting. – As far as practicable for other board or board committee meetings.	C C	• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.7.2	– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.	C C	• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided as appropriate.
A.7.3	– All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible.	C C	• Please see A.7.1 and A.7.2 above.
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.1	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.	C	• 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.

CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.1 (Cont'd)			• 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.
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, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management; – recommend to the board on the remuneration of non-executive directors; – consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group; – review and approve compensation payable on loss or termination of office or appointment; – review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and – ensure that no director or any of his associates is involved in deciding his own remuneration.	C	• The Company established its Remuneration Committee on 1st January, 2005. A majority of the members are Independent Non-executive Directors. • The Remuneration Committee comprises an Independent Non-executive Director, Mr. Cheong Ying Chew, Henry (Chairman of the Remuneration Committee), the Chairman of the Board, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Colin Stevens Russel. • The terms of reference of the Remuneration Committee follow closely the requirements of the CG Code. • 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 2019 in April 2020, meeting of the Remuneration Committee was held in January 2021. Attendance record of the members of the Remuneration Committee is as follows: **Members of the Remuneration Committee** — **Attendance** CHEONG Ying Chew, Henry *(Chairman of the Remuneration Committee)* — 1/1 Victor T K LI — 1/1 Colin Stevens RUSSEL — 1/1 • The following is a summary of the work of the Remuneration Committee during the said meeting: 1. Review the remuneration policy for 2020/2021; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review; 4. Review and approve the remuneration of Non-executive Directors; and 5. Review the annual bonus policy. • No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2021.
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 (both English and Chinese versions) 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	• Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
C.1.3	– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. – There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. – Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. – Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.	C C C N/A	• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. • Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. • With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. • The Directors also ensure the publication of the financial statements of the Group is in a timely manner. • The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 77 to 82.
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 2020.
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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		
C.2.1	The board should oversee the group's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	C	• The Board is responsible for maintaining sound and effective risk management and internal control systems, which include the development of necessary policies and procedures. Such systems are reviewed twice a year to ensure they are operating effectively on an ongoing basis. The Group maintains an enterprise risk management framework to identify, assess, manage, monitor and control current and emerging risks. • Risk management and internal control systems are designed to help the achievement of business objectives in the following categories: 1. Alignment with and supportive of the Group's strategies; 2. Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; 3. Reliability of financial and operational reporting; and 4. Compliance with applicable laws, regulations, and internal controls and procedures.
C.2.2	The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions.	C	• The Board, through the Audit Committee, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions at the Board meeting held in March 2021 and noted that the Company has been in compliance with the Code Provision for the year 2020. Please also refer to C.3.3 below.
C.2.3	The board's annual review should, in particular, consider:		
	1. the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment;	C	• The Board, through the Audit Committee, regularly reviews the significant risks and decisions that could have a material impact on the Group. These reviews consider the level of risk that the Group is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. They also regularly review the effectiveness of any remedial actions taken during the reporting period in order to respond to changes in its business and the external environment.
	2. the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;	C	• The Audit Committee, on behalf of the Board, regularly reviews the scope and quality of the risk management framework and effectiveness of the internal control systems. The Audit Committee evaluates the internal audit function on an ongoing basis by reviewing internal audit resources, plans, budgets and its work. The Audit Committee also carries out a review of the reports from the external auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), regarding the internal controls and relevant financial reporting matters in the Company.
	3. the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;	C	• The Group's risk management and internal control systems are reviewed twice a year by the management. Each business unit has to perform risk assessment where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. The Chief Executive Officer and Chief Financial Officer of each business unit need to provide a formal confirmation to acknowledge review of their control systems and highlight any weaknesses. Such confirmations are reviewed by the Audit Committee, through Internal Audit, and submitted to the Board for its assessment.
	4 significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and	C	• No significant control failings or weaknesses had been identified during the reporting period. The Board is not aware of any material unforeseen outcomes or contingencies that may in the future have a material impact on the Company's financial performance or condition.
	5. the effectiveness of the company's processes for financial reporting and Listing Rule compliance.	C	• The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems, including all material financial, operational and compliance controls, and concluded that they are adequate and effective.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4	The company should disclose, in the Corporate Governance Report, a narrative statement on how it has complied with the risk management and internal control code provisions during the reporting period. In particular, the company should disclose:	C	• The Company has complied with the code provisions on risk management and internal controls during the reporting period.
	1. the process used to identify, evaluate and manage significant risks;	C	• The Group has in place an Enterprise Risk Management framework which is consistent with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework supports the Group to identify, evaluate and manage significant risks.
	2. the main features of the risk management and internal control systems;	C	• The Group adopts a "top-down and bottom-up" approach to manage risk exposures which works as follows: Managing Risk from Top-down: *The Board and Audit Committee* 1. Assess and determine the nature and extent of the risks that the Group is willing to accept in pursuit of its strategic and business objectives; and 2. Ensure appropriate and effective risk management and internal control systems are in place. *Senior Management* 1. Oversee the Group's risk profile and evaluate if major risks are appropriately mitigated; and 2. Review and confirm the effectiveness of the risk management processes. Managing Risk from Bottom-up: *Risk and Control Monitoring Functions* 1. Establish relevant policies and procedures for the Group; and 2. Monitor business units in the implementation of effective risk management and internal control systems. *Operational Level* 1. Identify, assess, mitigate and report the risks; and 2. Provision of reports and data relating to emerging risks to the Board, through the Audit Committee. • Through this "top-down and bottom-up" risk review process, the risks identified in each business unit will be presented in the Group Risk Register, where they are considered significant on a group level. This Register, of which the content is confirmed by the Group Managing Director and the Chief Financial Officer, forms part of the Risk Management Report for review and approval by the Audit Committee every half-yearly. The Audit Committee, on behalf of the Board, reviews the Report to ensure that all the significant risks are identified and appropriately managed. • Pages 173 to 180 of the Annual Report also provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations to differ materially from expected or historical results.
	3. an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;	C	• Both risk management and internal control systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits.
	4. the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and	C	• Please refer to C.2.3 above.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4 (cont'd)	5. the procedures and internal controls for the handling and dissemination of inside information.	C	• Regarding the procedures and internal controls for handling inside information, the Group: 1. is well aware of its statutory and regulatory obligations to announce any inside information; 2. has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and 3. requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.
C.2.5	The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	C	• Internal Audit, reporting directly to the Audit Committee and the Group Managing Director, performs independent assessment of the risk management and internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit will closely monitor the implementation of agreed corrective actions.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
C.3.1	– 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.	C C	• Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for 2 years from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	• No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm. • The terms of reference of the Audit Committee were revised with effect from 1st January, 2019 to comply with the requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of the Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.
C.3.3	The audit committee's terms of reference should include: – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement; – review and monitor external auditor's independence and objectivity and effectiveness of audit process; – develop and implement policy on engaging an external auditor to supply non-audit services; – review of the company's financial information; and – oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	• The terms of reference of the Audit Committee follow closely the requirements of the CG Code. • Audit Committee meetings were held in March, August and November of 2020. Attendance record of the members of the Audit Committee in 2020 is as follows: **Members of the Audit Committee — Attendance** SNG Sow-mei alias POON Sow Mei *(appointed as Chairperson of the Audit Committee with effect from 15th July, 2020)* — 3/3 Colin Stevens RUSSEL *(retired from the Audit Committee with effect from 15th July, 2020)* — 0/1 CHEONG Ying Chew, Henry — 3/3 LAN Hong Tsung, David — 3/3 Paul Joseph TIGHE — 3/3 • The following is a summary of the work of the Audit Committee during 2020: 1. Review the financial reports for 2019 annual results and 2020 interim results; 2. Review the findings and recommendations of the Group Internal Audit on the work of various business units and divisions/departments; 3. Review the effectiveness of the risk management and internal control systems; 4. Review the external auditor's audit planning report and audit findings; 5. Review the external auditor's remuneration;

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.3 (cont'd)			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 15th March, 2021 that the internal control system was adequate and effective. • On 15th March, 2021, the Audit Committee met to review the Group's 2020 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 2020 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, 2020. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2021 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2021 annual general meeting. • The Group's Annual Report 2020 has been reviewed by the Audit Committee.
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	• The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 11th December, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. • The terms of reference of the Audit Committee (both English and Chinese versions) are posted on the websites of the Company and HKEx. • The principal duties of the Audit Committee include: the review and supervision of the Group's financial reporting system, risk management and internal control systems; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. • The Audit Committee comprises four Independent Non-executive Directors, namely, Mrs. Sng Sow-mei alias Poon Sow Mei (Chairperson of the Audit Committee), Mr. Cheong Ying Chew, Henry, Mr. Lan Hong Tsung, David and Mr. Paul Joseph Tighe. The Audit Committee held three meetings in 2020. Mr. Colin Stevens Russel retired as the Chairman and member of the Audit Committee and Mrs. Sng Sow-mei alias Poon Sow Mei was appointed as the Chairman of the Audit Committee, both with effect from 15th July, 2020.
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 2021. • For the year ended 31st December, 2020, the external auditor of the Company received approximately HK$8.2 million for annual audit services and approximately HK$10.0 million for tax and other services.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	• The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	The terms of reference of the audit committee should also require it: – to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and – to act as the key representative body for overseeing the company's relations with the external auditor.	C C	• The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. • The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included into the Company's Employee Handbook and posted on the Company's website. • The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	• Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. • Please refer to the Management Structure Chart set out on page 172. • For matters or transactions of a material nature, the same will be referred to the Board for approval. • For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	• The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. • Under the leadership of the Group Managing Director, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	• Please refer to the Management Structure Chart set out on page 172.
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	• Five Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee, Sustainability 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.

<table>
<tr><th>Code Ref.</th><th>Code Provisions</th><th>Comply ("C")/ Explain ("E")</th><th>Corporate Governance Practices</th></tr>
<tr><td>D.3</td><td colspan="3">Corporate Governance Functions</td></tr>
<tr><td>D.3.1</td><td>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.</td><td>C</td><td>• 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 2021, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:–
1. Anti-Fraud and Anti-Bribery Policy;
2. Anti-Money Laundering Policy;
3. Board Diversity Policy;
4. Competition Compliance Policy;
5. Director Nomination Policy;
6. Employee Code of Conduct;
7. Information Security Policy;
8. Media, Public Engagement and Donation Policy;
9. Model Code for Securities Transactions by Directors;
10. Policy on Appointment of Third Party Representatives;
11. Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing;
12. Privacy Policy and Personal Information Collection Statement;
13. Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters;
14. Sanctions Compliance Policy; and
15. Shareholders Communication Policy.</td></tr>
<tr><td>D.3.2</td><td>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.</td><td>C</td><td>• 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.</td></tr>
<tr><td>E.</td><td colspan="3">COMMUNICATION WITH SHAREHOLDERS</td></tr>
<tr><td>E.1</td><td colspan="3">Effective communication
Corporate Governance Principle
The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</td></tr>
<tr><td>E.1.1</td><td>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</td><td>C</td><td>• Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual directors.</td></tr>
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.2	– 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.	C	• In 2020, the Chairman, and the Chairman/Chairperson of each the Audit Committee, the Remuneration Committee and the Nomination Committee attended the 2020 annual general meeting and were available to answer questions. • Directors' attendance record of the annual general meeting in 2020 is as follows: **Members of the Board** — **Attendance** **Executive Directors** Victor T K LI — 1/1 *(Chairmen of the Board, the Nomination Committee* and the Executive Committee)* KAM Hing Lam — 1/1 IP Tak Chuen, Edmond** — 1/1 FOK Kin Ning, Canning — 1/1 Frank John SIXT^ — 1/1 Andrew John HUNTER^ — 1/1 CHAN Loi Shun — 1/1 CHEN Tsien Hua^ — 1/1 **Independent Non-executive Directors** CHEONG Ying Chew, Henry^ — 1/1 *(Chairman of the Remuneration Committee)* KWOK Eva Lee^ * — 1/1 SNG Sow-mei alias POON Sow Mei^ *** — 1/1 Colin Stevens RUSSEL^ — 1/1 *(Chairman of the Audit Committee***)* LAN Hong Tsung, David^ — 1/1 Barrie COOK — 0/1 Paul Joseph TIGHE^ — 1/1 **Non-executive Directors** LEE Pui Ling, Angelina^ — 1/1 George Colin MAGNUS^ — 1/1 ^ By video conferencing * Mrs. Kwok Eva Lee has been appointed as the Chairperson of the Nomination Committee following the re-designation of Mr. Victor T K Li from the Chairman to member of the Nomination Committee, both with effect from 1st December, 2020. ** Mr. Ip Tak Chuen, Edmond has been appointed as the Chairman of the Sustainability Committee since its establishment on 1st December, 2020. *** Mrs. Sng Sow-mei alias Poon Sow Mei has been appointed as the Chairperson of the Audit Committee following the retirement of Mr. Colin Stevens Russel as the Chairman and member of the Audit Committee, both with effect from 15th July, 2020.
	– 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.	C	
	– 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.	C	• In 2020, the Company's external auditor attended the annual general meeting and was available to answer questions.
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	• The Company's notice to shareholders for the 2020 annual general meeting of the Company was sent at least 20 clear business days before the meeting.
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	• In March 2012, the Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of special general meetings and making enquiries to the Company are as follows: 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Company's Bye-laws set out the rights of shareholders. 2. Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Companies Act of Bermuda, request the Board to convene a special general meeting pursuant to Bye-law 58 of the Company's Bye-laws. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (cont'd)			3. (a) Shareholder(s) holding not less than one-twentieth of the total voting rights or (b) not less than 100 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under the Companies Act of Bermuda. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at Clarendon House, Church Street, Hamilton HM11, Bermuda (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 4. Pursuant to Bye-law 88 of the Company's Bye-laws, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office or the head office of the Company provided that the minimum length of the period, during which such written notice may be given, shall be at least seven days and that the period for lodgment of such written notice shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 5. In conducting a poll, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Company's Bye-laws, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way. 6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Bye-law 160 of the Company's Bye-laws. 7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
E.1.5	The company should have a policy on payment of dividends and should disclose it in the annual report.	C	• The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.
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 2020 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. • At the 2020 annual general meeting, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notices to be voted by way of a poll. • Representatives of the Branch Share Registrar of the Company were appointed as scrutineer to monitor and count the poll votes cast at the 2020 annual general meeting. • Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.2.1 (cont'd)			• The percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 13th May, 2020 are set out below:

Resolutions proposed at the 2020 Annual General Meeting		Percentage of Votes
1	To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2019.	100%
2	To declare a final dividend.	99.986558%
3(1)	To elect Mr. Victor T K Li as Director.	94.862950%
3(2)	To elect Mr. Chan Loi Shun as Director.	94.678579%
3(3)	To elect Ms. Chen Tsien Hua as Director.	94.495070%
3(4)	To elect Mrs. Sng Sow-mei alias Poon Sow Mei as Director.	97.405248%
3(5)	To elect Mr. Colin Stevens Russel as Director.	96.584005%
3(6)	To elect Mr. Paul Joseph Tighe as Director.	99.878990%
4	To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.	99.783056%
5(1)	To give a general mandate to the Directors to issue additional shares of the Company.	91.595248%
5(2)	To give a general mandate to the Directors to buy back shares of the Company.	99.985513%
5(3)	To extend the general mandate granted to the Directors pursuant to Ordinary Resolution No. 5(1) to issue additional shares of the Company.	91.741070%
6	To approve the amendments to the Company's Bye-laws.	99.934950%

• Accordingly, all resolutions put to shareholders at the 2020 annual general meeting were duly passed as ordinary resolutions and special resolution as appropriate. 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.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	• The Company Secretary of the Company has been appointed since listing of the Company*. The Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules for the year ended 31st December, 2020. • The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed. • The Company Secretary prepares written resolutions and minutes as appropriate and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. • The Company Secretary advises the Board from time to time on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board abreast of relevant legislative, regulatory and corporate governance developments. * Except for a brief period of approximately four months during which the position had taken up by her then deputy.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	• The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	• The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	• Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. • Memoranda are issued and other resources (such as the Stock Exchange's webcast on corporate governance) are relayed, and directors' trainings are arranged to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

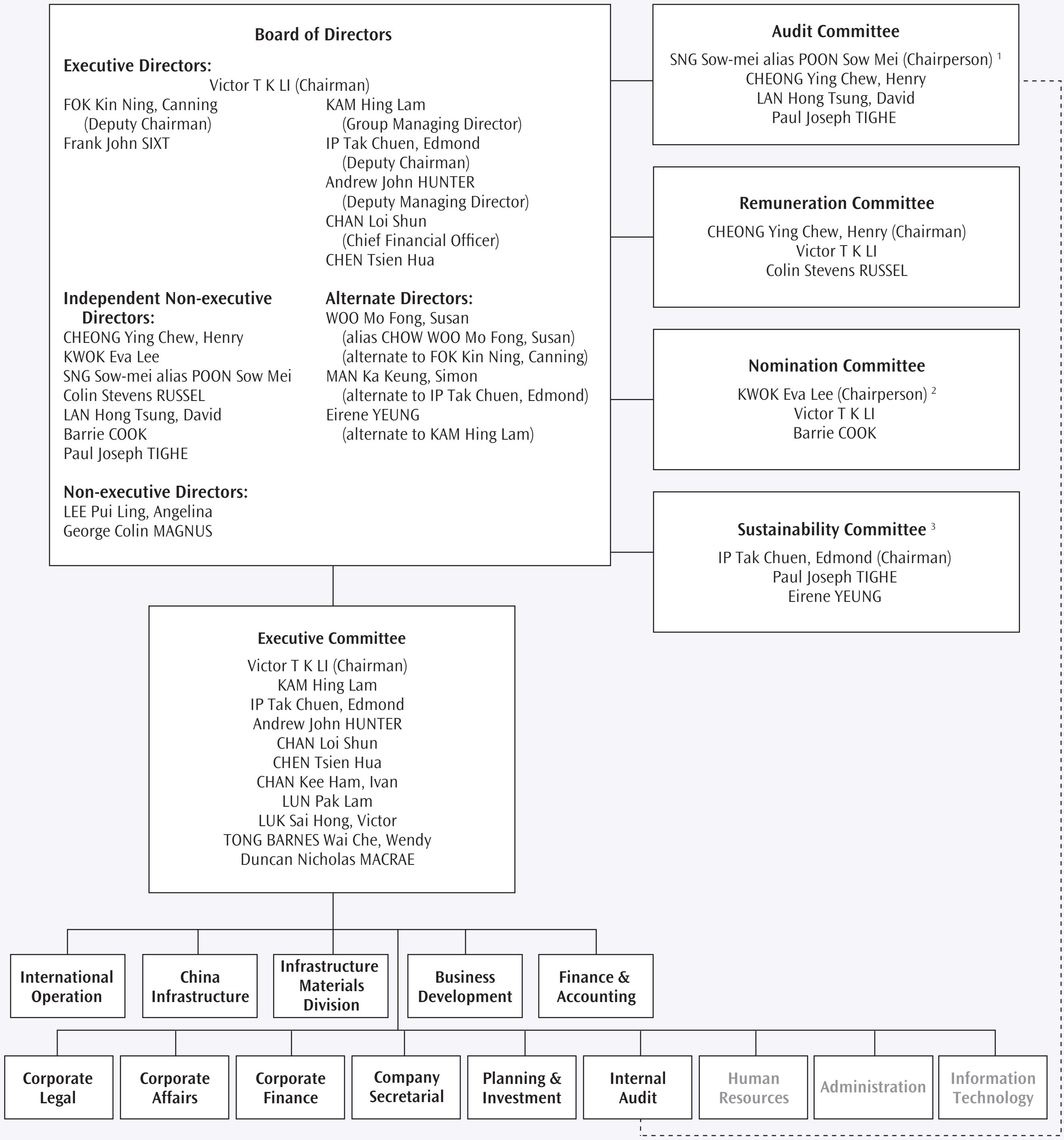
II. RECOMMENDED BEST PRACTICES

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

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	**The level and make-up of remuneration and disclosure** ***Corporate Governance Principle*** *The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.*		
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	• The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	• In 2020, 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 performances of the Board or individual Director are best reflected by the Company's results and stock price performance, as well as the Company's decisions to retain the individuals as its Directors.
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	**Financial reporting** ***Corporate Governance Principle*** *The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.*		
C.1.6 – C.1.7	– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. – Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.	E	• The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. • Please refer to C.1.6 above for details.
C.2	**Risk management and internal control** ***Corporate Governance Principle*** *The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.*		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.6	The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.	C	• The Board confirmed that, through the Audit Committee, it has received a confirmation from the management of the Company and its business units on the effectiveness of the risk management and internal control systems. Please also refer to C.2.3 above.
C.2.7	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	• The Board confirmed that, through the Audit Committee, no significant areas of concern were identified during the year of 2020.
C.3	**Audit Committee** ***Corporate Governance Principle*** *The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.*		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	Please refer to C.3.7 above for the details.
D.	**DELEGATION BY THE BOARD**		
D.1	**Management functions** ***Corporate Governance Principle*** *The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.*		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	**Board Committees** ***Corporate Governance Principle*** *Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.*		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	**Corporate Governance Functions**		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.1	**Effective communication** ***Corporate Governance Principle*** *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	**Voting by Poll** ***Corporate Governance Principle*** *The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.*		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	**COMPANY SECRETARY**		
	Corporate Governance Principle *The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.*		
There is no recommended best practice under Section F in the CG Code.			

MANAGEMENT STRUCTURE CHART



Notes:

1. Appointed as Chairperson of the Audit Committee on 15th July, 2020
2. Appointed as Chairperson of the Nomination Committee on 1st December, 2020
3. Established on 1st December, 2020

RISK FACTORS

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

GLOBAL ECONOMY

The ongoing COVID-19 pandemic and associated community shutdowns have a widespread and severe impact on worldwide economic activity. The uncertainties arising from the pandemic, including the length of the pandemic, the efficacy and availability of vaccines and the extent of production and business disruptions, may significantly worsen the global economic recovery and outlook. Trade frictions between the United States and certain major nations, uncertainties following Brexit, the fluctuation of the US dollar against major currencies, the increasing geopolitical tensions as well as the volatility of oil prices, all have created uncertainties in the world economy and global financial market. A severe slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the United Kingdom ("UK"), Continental Europe, Australia, New Zealand, Canada and the United States. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions or results of operations, asset values and liabilities.

OUTBREAK OF HIGHLY CONTAGIOUS DISEASE

The continuing COVID-19 pandemic in different parts of the world, including the places of businesses at which the Group operates, has a significant adverse impact on most economies due to the community standstill, disruption of business activities, behavioral change, weakened sentiment in consumption, restricted labour supply and production and confidence effects, in addition to travel restrictions. Although COVID-19 vaccines have been developed and large-scale vaccination programmes have been launched by certain countries, the situation of this highly infectious disease is still evolving. The heightened uncertainties surrounding the pandemic including the spread of new COVID-19 variants may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects, particularly the Group's investment in Park'N Fly can be substantially affected should travel restrictions in Canada remain in place. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an adverse impact on the operations of the Group and its results of operations may suffer.

ECONOMIC CONDITIONS AND INTEREST RATES

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

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

CONCENTRATION IN GEOGRAPHICAL MARKETS AND BUSINESS TYPES

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

HIGHLY COMPETITIVE MARKETS

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

INFRASTRUCTURE MARKET

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Many of the Group's regulated businesses have recently been or will soon be undergoing challenging regulatory resets. Against an environment of ultra-low interest and inflation rates as well as tougher stances adopted by regulators, the outcome is expected to be lower revenues arising from lower allowed returns. Any operational practices that are significantly out of step with community expectations can lead to concerns being raised with regulators or even the local Government directly, and may ultimately lead to more stringent regulatory resets as well as bad publicity that could also have a reputational impact.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or 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. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

CRUDE OIL MARKETS

The Group's investment in Husky Midstream Limited Partnership ("HMLP") comprises oil pipelines, storage facilities and ancillary assets in Canada. Its results of operation and financial conditions may be dependent on the prices received for refined products and crude oil of Husky Energy Inc. (which has combined with Cenovus Energy Inc. ("Cenovus") on 1st January, 2021 and continues to operate as Cenovus). Lower prices over a prolonged period of time for crude oil could adversely affect the value and quantity of Cenovus's oil production. HMLP also has other customers apart from Cenovus and their demand for HMLP's services may depend on prices received for their refined products and crude oil. Prices for refined products and crude oil are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand may be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social and political conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns and the availability of alternate sources of energy. Furthermore, HMLP is also susceptible to unforeseen pipeline releases at rivers or nature reserves. If the above events occurred or further occurred, it may adversely affect the Group's financial conditions and results of operations.

CAPITAL EXPENDITURE

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

CURRENCY FLUCTUATIONS

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

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

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

CYBERSECURITY

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

Although the Group has not experienced any major damage to its infrastructure projects, assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

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

The UK voted in 2016 to leave the European Union ("EU"), resulting in financial market volatility and a fall in the value of the British pound. The UK ceased to be a member state of the EU on 31st January, 2020 and the transition period ended on 31st December, 2020, symbolizing that the UK has completely separated from the EU and opened a new page in the relationship with the EU. Although the EU-UK Trade and Cooperation Agreement sets out preferential arrangements in various areas, further negotiations are expected to continue to fill the gaps and the arrangements remain uncertain. In any event, Brexit has created significant uncertainty about the future relationship between the UK and the EU.

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

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

STRATEGIC PARTNERS

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

MERGERS AND ACQUISITIONS

The Group has undertaken merger and acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements. The pressure to deploy capital has been significant. Although due diligence and detailed analysis are conducted before merger and acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. COVID-19 has introduced more market uncertainty and has also imposed logistical restrictions on the ability to conduct due diligence according to the Group's usual procedures.

Some of these merger and acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For merger and acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

IMPACT OF LOCAL, NATIONAL AND INTERNATIONAL REGULATIONS

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

Political, regulatory and media attention has increased significantly towards privatised companies in countries in which the Group operates. Regulators in some of these countries have warned of increasingly onerous regulatory resets, and some major political parties are promoting policies to bring energy, water and railways back into public ownership, which could potentially have serious and material consequences for the Group if such regulations and policies are enacted. Group companies are responding to these risks by focusing on their core strategies of delivering and outperforming regulatory outputs such as safety, reliability and customer service, at the lowest cost possible; by conveying the positive benefits to customers of the services they provide; and by engaging collaboratively with regulators and politicians to demonstrate the advantages of private ownership.

COMPLIANCE WITH PERSONAL DATA PROTECTION LEGISLATION

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

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

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board has from time to time issued a number of new and revised International Financial Reporting Standards ("IFRS"). The International Accounting Standards Board may in the future issue new and revised standards and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. These factors may require the Group to adopt new accounting policies. The adoption of new accounting policies or new IFRS might or could have a significant impact on the Group's financial position or results of operations.

CONNECTED TRANSACTIONS

CK Hutchison Holdings Limited ("CK Hutchison") is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and accordingly any transactions entered into between the Group and CK Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

CLIMATE CHANGE

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rain amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose increased risk for colleagues working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislations or requirements to restrict emissions and other environmental protective measures. Regulations, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's 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, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's business and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

There can be no assurance that earthquakes, floods, drought or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

SOCIAL INCIDENTS AND TERRORIST THREAT

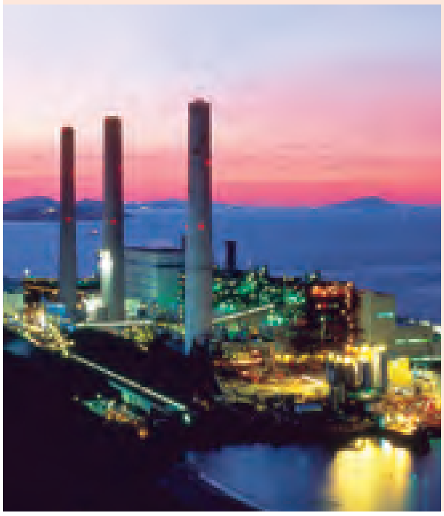
The Group is a diversified infrastructure investment company with businesses in Hong Kong, Mainland China, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. In recent years, a series of social incidents and terrorist activities occurred across the globe that resulted in economic losses, multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threat, and if these events occur, it may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The past performance and the results of operations of the Group as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

PROJECT PROFILES

Investment in
POWER ASSETS



POWER ASSETS
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
3,617 MW

Consumer coverage
More than 580,000 customers

OPERATIONS OUTSIDE HK

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

CKI's ownership
35.96%

Infrastructure Investments in
UNITED KINGDOM

UK POWER NETWORKS
THE UNITED KINGDOM

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

Electricity distribution network length
Approximately 190,000 km

Consumer coverage
Approximately 8.3 million customers

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

NORTHUMBRIAN WATER
THE UNITED KINGDOM

Business
One of the ten regulated water and sewerage companies in England and Wales. It supplies water and sewerage services in the north east of England and supplies water services to the south east of England

Length of mains/sewers
Water mains – Approximately 26,000 km
Sewers – About 30,000 km
Water treatment works – 64
Sewage treatment works – 437
Water service reservoirs – 354

Consumer coverage
Serves a total population of 4.5 million

CKI's ownership
40%

Additional economic benefits
CKI 12%; Power Assets 8%

PROJECT PROFILES

Infrastructure Investments in

UNITED KINGDOM (CONT'D)

NORTHERN GAS NETWORKS
THE UNITED KINGDOM

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

Natural gas distribution network length
Approximately 37,000 km

Consumer coverage
Serves a total population of around 6.7 million

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

WALES & WEST GAS NETWORKS
THE UNITED KINGDOM

Business
A gas distribution network that serves Wales and the south west of England

Natural gas distribution network length
35,000 km

Consumer coverage
Serves a total population of 7.5 million

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

Additional economic benefits
CKI 9%; Power Assets 6%

SEABANK POWER
BRISTOL, THE UNITED KINGDOM

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

Generation capacity
Approximately 1,150 MW

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

SOUTHERN WATER SERVICES
THE UNITED KINGDOM

Business
Supplies water and waste water services to the south east of England

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

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

CKI's ownership
4.75%

Infrastructure Investments in
UNITED KINGDOM (CONT'D)

UK RAILS
THE UNITED KINGDOM

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

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

Infrastructure Investments in
AUSTRALIA

SA POWER NETWORKS
SOUTH AUSTRALIA, AUSTRALIA

Business
Primary electricity distribution business for the state of South Australia

Electricity distribution network length
Approximately 89,000 km

Consumer coverage
Approximately 887,000 customers

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

POWERCOR
VICTORIA, AUSTRALIA

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

Electricity distribution network length
Approximately 88,000 km

Consumer coverage
Around 844,000 customers

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

CITIPOWER
VICTORIA, AUSTRALIA

Business
Operates the electricity distribution network in the CBD and inner suburban areas of Melbourne, Victoria

Electricity distribution network length
Approximately 7,500 km

Consumer coverage
Around 332,000 customers

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

Infrastructure Investments in

AUSTRALIA (CONT'D)

UNITED ENERGY
AUSTRALIA

Business
Operates a major electricity distribution network in the state of Victoria

Electricity distribution network length
Approximately 13,000 km

Consumer Coverage
Around 703,000 customers

CKI's ownership
26.4%
(another 13.2% held by Power Assets)

AUSTRALIAN GAS NETWORKS
AUSTRALIA

Business
One of Australia's largest distributors of natural gas

Natural gas distribution network length
Approximately 25,000 km

Consumer coverage
Approximately 1.3 million customers

CKI's ownership
Approximately 45%
(another 27.5% held by Power Assets)

Additional economic benefits
CKI 8.25%; Power Assets 5.5%

DAMPIER BUNBURY PIPELINE
AUSTRALIA

Business
Natural gas transmission pipeline connecting the Carnarvon/Browse Basins with Perth

Natural gas pipeline length
About 3,080 km

CKI's ownership
40%
(another 20% held by Power Assets)

MULTINET GAS
AUSTRALIA

Business
Operates a gas distribution network in the state of Victoria

Natural gas distribution network length
Approximately 10,000 km

Consumer coverage
Approximately 700,000 customers

CKI's ownership
40%
(another 20% held by Power Assets)

Infrastructure Investments in

AUSTRALIA (CONT'D)

ENERGY DEVELOPMENTS
AUSTRALIA

Business
Owns and operates a portfolio of power generation facilities in Australia, North America and the United Kingdom, specialising in producing electricity from safe, clean, zero greenhouse gas emissions sources such as wind and solar, or landfill gas and waste coal mine gas

Generation capacity
Over 1,000 MW

CKI's ownership
40%
(another 20% held by Power Assets)

AUSTRALIAN ENERGY OPERATIONS
VICTORIA, AUSTRALIA

Business
Owns and operates electricity transmission assets and terminal stations, specialised in the connection of renewable energy generators to Victoria's power grid

Electricity transmission network length
42 km

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

Infrastructure Investments in

NEW ZEALAND

WELLINGTON ELECTRICITY
WELLINGTON, NEW ZEALAND

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

Electricity distribution network length
About 4,700 km

Consumer coverage
Approximately 170,000 customers

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

ENVIRO (NZ)
NEW ZEALAND

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

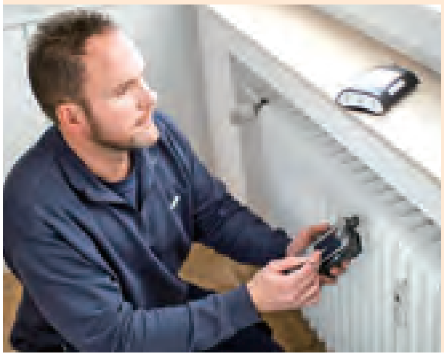
Facilities
A network of collection facilities at 18 locations nationwide, 26 transfer stations, 8 landfills and a fleet of over 588 vehicles

Consumer coverage
More than 500,000 commercial and residential customers

CKI's ownership
100%

PROJECT PROFILES

Infrastructure Investments in
CONTINENTAL EUROPE



ISTA
GERMANY

Business
A leading international provider of sub-metering and related services with strong market positions in European countries such as Germany, France, Denmark and the Netherlands

Consumer coverage
Covering over 13 million homes

CKI's ownership
35%

DUTCH ENVIRO ENERGY
THE NETHERLANDS

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

Capacity (plants)
Energy from Waste –
2,300 kilotonnes per year
Biomass Energy – 140 kilotonnes per year
Liquid Waste – 270 kilotonnes per year
Paper Residue Incineration –
160 kilotonnes per year

Capacity (transfer stations)
1,000 kilotonnes per year

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

Additional economic benefits
CKI 10.5%; Power Assets 7%

Infrastructure Investments in
CANADA

RELIANCE HOME COMFORT
CANADA

Business
Principally engaged in the home and commercial services sector providing the sale and rental of water heaters, HVAC equipment, comfort protection plans and other services to homeowners primarily in Ontario, Canada

Consumer coverage
Over 1.9 million customers

CKI's ownership
25%

CANADIAN MIDSTREAM ASSETS
CANADA

Business
This business comprises oil pipelines, storage facilities and ancillary assets in Canada

Length of oil pipeline
2,200 km

Storage facilities
2

CKI's ownership
16.25%
(another 48.75% held by Power Assets)

Infrastructure Investments in

CANADA (CONT'D)

CANADIAN POWER

CANADA

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

Generation capacity
Five power plants with total gross capacity of 1,284 MW

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

PARK'N FLY

CANADA

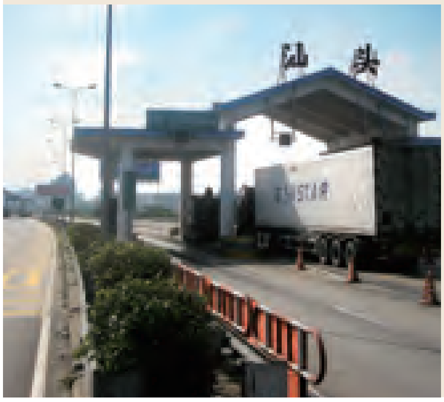
Business
The leading off-airport car park provider in Canada and the only national operator. The company provides parking facilities in Toronto, Vancouver, Montreal, Edmonton, Ottawa, Halifax and Winnipeg

CKI's ownership
50%

Additional economic benefits
CKI 15%; Power Assets 10%

Infrastructure Investments in

HONG KONG AND MAINLAND CHINA



SHEN-SHAN HIGHWAY (EASTERN SECTION)

GUANGDONG, CHINA

Location
Lufeng/Shantou, Guangdong Province

Road type
Expressway

Length
140 km

No. of lanes
Dual two-lane

Joint venture contract date
1993

Joint venture expiry date
2028

Total project cost
HK$2,619 million

CKI's investment
HK$877 million

CKI's interest in JV
33.5%

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

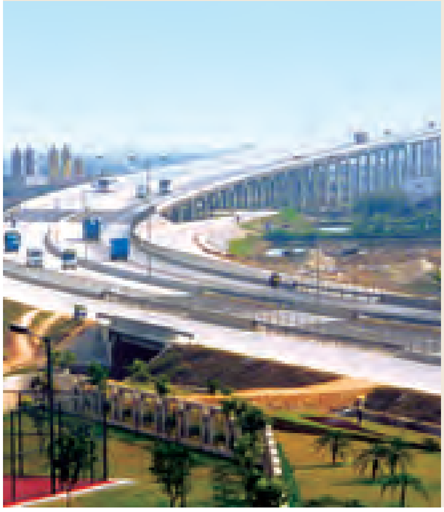
Joint venture expiry date
2028

Total project cost
HK$665 million

CKI's investment
HK$200 million

CKI's interest in JV
30%

Infrastructure Investments in
HONG KONG AND MAINLAND CHINA (CONT'D)



PANYU BEIDOU BRIDGE
GUANGDONG, CHINA

Location
Panyu, Guangdong Province

Road type
Bridge

Length
3 km

No. of lanes
Dual three-lane

Joint venture contract date
1999

Joint venture expiry date
2024

Total project cost
HK$164 million

CKI's investment
HK$66 million

CKI's interest in JV
40%

ALLIANCE CONSTRUCTION MATERIALS
HONG KONG

CONCRETE DIVISION

Business
Hong Kong's largest concrete producer

Total capacity
4 million cubic meters per year

CKI's ownership
50%

QUARRY DIVISION

Business
1 quarry in China and the exclusive distribution rights for another quarry in China for sales of concrete aggregates in Hong Kong

Total capacity (aggregates)
6 million tonnes per year

CKI's ownership
50%

GREEN ISLAND CEMENT
HONG KONG

Business
The only fully integrated cement producer in Hong Kong

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

CKI's ownership
100%

GREEN ISLAND CEMENT (YUNFU)
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 2 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
100%

GUANGDONG GITIC GREEN ISLAND CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement production

Total capacity
Clinker – 1 million tonnes per year
Cement grinding – 1.5 million tonnes per year

CKI's ownership
67%

YUNFU XIANGLI CEMENT
GUANGDONG, CHINA

Location
Yunfu, Guangdong Province

Business
Cement Production
Jetty

Total capacity
Cement grinding – 1 million tonnes per year
Jetty – Three berths with an annual throughput capacity reaching 3 million tonnes

CKI's ownership
100%

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

LI Tzar Kuoi, Victor (Chairman)
KAM Hing Lam (Group Managing Director)
IP Tak Chuen, Edmond (Deputy Chairman)
Andrew John HUNTER (Deputy Managing Director)
CHAN Loi Shun (Chief Financial Officer)
CHEN Tsien Hua

Independent Non-executive Directors

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

Non-executive Directors

FOK Kin Ning, Canning (Deputy Chairman)
Frank John SIXT
LEE Pui Ling, Angelina
George Colin MAGNUS

Alternate Directors

WOO Mo Fong, Susan
(alias CHOW WOO Mo Fong, Susan)
(alternate to FOK Kin Ning, Canning)
MAN Ka Keung, Simon
(alternate to IP Tak Chuen, Edmond)
Eirene YEUNG
(alternate to KAM Hing Lam)

AUDIT COMMITTEE

SNG Sow-mei alias POON Sow Mei (Chairperson)
CHEONG Ying Chew, Henry
LAN Hong Tsung, David
Paul Joseph TIGHE

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

KWOK Eva Lee (Chairperson)
LI Tzar Kuoi, Victor
Barrie COOK

SUSTAINABILITY COMMITTEE

IP Tak Chuen, Edmond (Chairman)
Paul Joseph TIGHE
Eirene YEUNG

EXECUTIVE COMMITTEE

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

COMPANY SECRETARY

Eirene YEUNG

AUTHORISED REPRESENTATIVES

IP Tak Chuen, Edmond
Eirene YEUNG

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Barclays Bank PLC
BNP Paribas
Canadian Imperial Bank of Commerce
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
National Australia Bank Limited
The Bank of Nova Scotia
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House,
41 Cedar Avenue,
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODES

Stock Exchange of Hong Kong: 1038
Bloomberg: 1038 HK
Reuters: 1038.HK

WEBSITE

www.cki.com.hk

INVESTOR RELATIONS

For further information about CK Infrastructure Holdings Limited, please contact:

Ivan CHAN

CK Infrastructure Holdings Limited
12th Floor, Cheung Kong Center,
2 Queen's Road Central,
Hong Kong
Telephone: (852) 2122 3986
Facsimile: (852) 2501 4550
Email: contact@cki.com.hk

KEY DATES

Annual Results Announcement	17th March, 2021
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	7th May, 2021 to 12th May, 2021 *(both days inclusive)*
Annual General Meeting	12th May, 2021
Record Date (for determination of shareholders who qualify for the Final Dividend)	18th May, 2021
Payment of Final Dividend	2nd June, 2021

This annual report 2020 ("Annual Report") is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to cki.ecom@computershare.com.hk.

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

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

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

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www.cki.com.hk

混合產品
源自負責任的森林資源的紙張
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FSC
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