

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1. General information

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

2. Material accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

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

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

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

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

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

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

2. Material accounting policies (Continued)

(c) Basis of consolidation

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

(d) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

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

(e) Joint ventures and associates

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

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

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

(f) Goodwill

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

(g) Investments in equity securities and other financial assets

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

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

Investments other than equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income ("FVOCI") – (with subsequent reclassification to profit or loss), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is reclassified from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (with subsequent reclassification to profit or loss). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

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

2. Material accounting policies (Continued)

(h) Derivative financial instruments

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

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

(i) Hedging

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

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

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

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

(iii) Hedge of net investments in foreign operations

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

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

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

- (i) Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation (see note 2(j)(vi)), amortisation (see note 2(j)(v)) and impairment losses (see note 2(l)(ii)).
- (ii) Where parts of a property, plant and equipment have different useful lives, the cost of the property, plant and equipment is allocated on a reasonable basis between the parts and each part is depreciated separately. Subsequent expenditure to replace a component of a property, plant and equipment that is accounted for separately, or to improve its operational performance is included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (iii) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.
- (iv) Interest in leasehold land held for own use where the Group is the registered owner of the property interest are stated in the consolidated statement of financial position at cost less accumulated amortisation (see note 2(j)(v)) and impairment losses (see note 2(l)(ii)).
- (v) The cost of acquiring leasehold land is amortised on a straight-line basis over the period of the unexpired lease term.

2. Material accounting policies (Continued)

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

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

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

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

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

(k) Leased assets

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

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

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

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

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

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

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

(I) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2. Material accounting policies (Continued)

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

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

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

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

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

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

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

2. Material accounting policies (Continued)

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

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

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

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

(iii) Interim financial reporting and impairment

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

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

(m) Other receivables

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

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

(n) Interest-bearing borrowings

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

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

(o) Other payables

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

(p) Cash and cash equivalents

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

(q) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined benefit scheme obligations

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

- defined benefit retirement plans registered under the Hong Kong Occupational Retirement Schemes Ordinance (the "ORSO plans"); and
- Long Service Payment ("LSP") under the Hong Kong Employment Ordinance.

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

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

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

2. Material accounting policies (Continued)

(r) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

(s) Provisions and contingent liabilities

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

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

(t) Revenue recognition

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

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

(u) Translation of foreign currencies

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

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

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

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

2. Material accounting policies (Continued)

(u) Translation of foreign currencies (Continued)

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

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

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

(v) Borrowing costs

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

(w) Related parties

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group.
- (ii) An entity is related to the Group if any of the following conditions apply:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is a joint venture or an associate of the other entity (or a joint venture or an associate of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in note 2(w)(i).
- (g) A person identified in note 2(w)(i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

(x) Segment reporting

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

3. Changes in accounting policies

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

4. Revenue

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

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

5. Other net income

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

6. Segment information

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

- Investment in HKEI: this segment invests in generation and supply of electricity business in Hong Kong.
- Investments: this segment invests in energy and utility-related businesses and is segregated further into three reportable segments (United Kingdom, Australia and Others) on a geographical basis.
- All other activities: this segment represents other activities carried out by the Group.

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

7. Other operating costs

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

8. Finance costs

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

9. Profit before taxation

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

10. Taxation in the consolidated statement of profit or loss

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

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

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

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

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

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

11. Directors' emoluments and senior management remuneration

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

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

Notes:

- (1) Independent Non-executive Director
- (2) Member of the Audit Committee
- (3) Member of the Remuneration Committee

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

Notes: (Continued)

- (4) Member of the Nomination Committee
- (5) Member of the Sustainability Committee
- (6) Appointed as the Chairman of the Company and a member of the Remuneration Committee with effect from 1 April 2024.
- (7) Retired as the Chairman of the Company and Executive Director and ceased to be a member of the Remuneration Committee with effect from 1 April 2024.
- (8) Appointed as an Executive Director with effect from 1 July 2023.
- (9) Resigned as an Executive Director with effect from 1 July 2023.
- (10) During the year, Mr. Andrew John Hunter received director's emoluments of THB127,500 from Ratchaburi Power Company Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.
- (11) During the year, Mr. Fok Kin Ning, Canning received director's emoluments of \$120,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.
- (12) During the year, Mr. Tsai Chao Chung, Charles received director's emoluments of THB506,838 from Ratchaburi Power Company Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.
- (13) During the year, Mr. Chan Loi Shun received director's emoluments of THB379,338 from Ratchaburi Power Company Limited and \$3,726,900 from HK Electric Investments Limited, which are associates of the Group. The director's emoluments received were paid back to the Company.
- (14) During the year, Mr. Cheng Cho Ying, Francis received director's emoluments of \$90,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.
- (15) During the year, Mr. Victor T K Li received director's emoluments of \$90,000 from HK Electric Investments Limited, which is an associate of the Group. The director's emoluments received were paid back to the Company.
- (16) During the year, Mr. Chan Loi Shun received director's emoluments of \$6,172,300 from the Company.
- (17) For Directors who are employees of the Group, other benefits also include insurance and medical benefits entitled by the employees of the Group.

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

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

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

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

The remuneration of directors and senior management is as follows:

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

12. Earnings per share

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

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

13. Property, plant and equipment and leasehold land

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

14. Interest in joint ventures

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

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

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

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

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

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

(a) Summarised financial information of material joint ventures

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

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

The above amounts of assets and liabilities include the following:

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

14. Interest in joint ventures (Continued)

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

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

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

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

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

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

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

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

> Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

15. Interest in associates

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

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

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

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

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

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

(a) Summarised financial information of material associates

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

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

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

15. Interest in associates (Continued)

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

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

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

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

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

16. Other non-current financial assets

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

17. Other receivables

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

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

18. Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

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

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

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

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

(c) Funds from operations

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

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

(d) Reconciliation of liabilities arising from financing activities:

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

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

> Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

19. Other payables

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

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

20. Bank loans and other interest-bearing borrowings

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

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

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

The non-current borrowings are repayable as follows:

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

21. Derivative financial instruments

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

22. Employee retirement benefits

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

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

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

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

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

22. Employee retirement benefits (Continued)

(a) Defined benefit retirement schemes (“the Schemes”)

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

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

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

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

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

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

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

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

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

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

	2024	2023
	\$ million	\$ million
At 1 January	146	153
Interest income on the Schemes' assets	5	5
Return on the Schemes' assets, excluding interest income	10	7
Benefits paid	(24)	(19)
At 31 December	137	146

The Group expects to contribute below \$1 million to the Schemes in 2025.

- (iv) The expenses recognised in the consolidated statement of profit or loss are as follows:

	2024	2023
	\$ million	\$ million
Net interest expenses on net defined benefit asset/liability	3	4

- (v) The expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2024	2023
	\$ million	\$ million
Other operating costs	3	4

22. Employee retirement benefits (Continued)

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

- (vi) The cumulative amount of actuarial losses recognised in the consolidated statement of comprehensive income is as follows:

	2024	2023
	\$ million	\$ million
At 1 January	116	110
Remeasurement of net defined benefit asset/liability recognised in the consolidated statement of comprehensive income during the year	(18)	6
At 31 December	98	116

- (vii) The major categories of assets of the Schemes are as follows:

	2024	2023
	\$ million	\$ million
Hong Kong equities	28	27
European equities	7	8
North American equities	37	37
Asia Pacific and other equities	10	12
Global bonds	55	62
	137	146

Strategic investment decisions are taken with respect to the risk and return profiles. There has been no change in the process used by the Group to manage its risks from prior periods.

- (viii) The principal actuarial assumptions used as at 31 December (expressed as a weighted average) are as follows:

	2024	2023
Discount rate		
– The Pension Scheme	3.9%	3.5%
– The Guaranteed Return Scheme	3.5%	2.9%
Future pension increase rate	2.5%	2.5%

(ix) Sensitivity analysis

(a) The Pension Scheme

	Increase/(decrease) in defined benefit obligations	
	2024 \$ million	2023 \$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	(4)	(5)
– decrease by 0.25%	4	5
Pension increase rate		
– increase by 0.25%	4	5
– decrease by 0.25%	(4)	(4)
Mortality rate applied to specific age		
– set forward 1 year	(9)	(9)
– set backward 1 year	9	9

(b) The Guaranteed Return Scheme

	Increase/(decrease) in defined benefit obligations	
	2024 \$ million	2023 \$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	–	–
– decrease by 0.25%	–	–
Interest to be credited		
– increase by 0.25%	–	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised within the consolidated statement of financial position.

22. Employee retirement benefits (Continued)

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

- (x) The following table sets out the weighted average durations of the defined benefit obligations of the Schemes:

	2024 No. of years	2023 No. of years
The Pension Scheme	8.2	8.8
The Guaranteed Return Scheme	5.0	5.0

(b) Defined contribution retirement scheme

	2024 \$ million	2023 \$ million
Expenses recognised in profit or loss	1	1

No forfeited contributions have been received during the year (2023: \$Nil).

23. Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position

	2024 \$ million	2023 \$ million
Tax provision for the year	196	219
Tax paid	(319)	(96)
Tax refund	1	2
Tax provision relating to prior years	229	106
Current tax payable	107	231

(b) Deferred tax liabilities

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

\$ million	Cash flow hedges	Tax losses/ undistributed profits of joint venture	Total
At 1 January 2023	(27)	(248)	(275)
Charged to profit or loss	–	(30)	(30)
Credited/(charged) to other comprehensive income	14	(10)	4
At 31 December 2023 and 1 January 2024	(13)	(288)	(301)
Charged to profit or loss	–	(37)	(37)
Credited to other comprehensive income	11	29	40
At 31 December 2024	(2)	(296)	(298)

The Group had no material unrecognised deferred tax assets or liabilities as at 31 December 2024 and 2023.

24. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

24. Capital, reserves and dividends (Continued)

(b) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	2024 \$ million	2023 \$ million
Interim dividend declared and paid of \$0.78 per ordinary share (2023: \$0.78 per ordinary share)	1,662	1,662
Final dividend proposed after the end of the reporting period of \$2.04 per ordinary share (2023: \$2.04 per ordinary share)	4,348	4,348
	6,010	6,010

The final dividend proposed after the end of the reporting period is based on 2,131,105,154 ordinary shares (2023: 2,131,105,154 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year paid during the year:

	2024 \$ million	2023 \$ million
Final dividend in respect of the previous financial year, approved and paid during the year, of \$2.04 per ordinary share (2023: \$2.04 per ordinary share)	4,348	4,347

(c) Share capital

	Number of shares	2024 \$ million	2023 \$ million
Issued and fully paid:			
Voting ordinary shares	2,131,105,154	6,610	6,610

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves**(i) Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong, the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations outside Hong Kong and the cost of hedging reserve. Under HKFRS 9, if the Group excludes the forward element of forward contracts and the foreign currency basis spread of financial instruments (the “excluded elements”) from the designation of the hedging instruments, then the excluded elements may be separately accounted for as cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity as cost of hedging reserve to the extent that it relates to the hedged items. The reserve is dealt with in accordance with the accounting policies set out in notes 2(i)(iii) and 2(u).

The following table provides a reconciliation of the exchange reserve in respect of cost of hedging, net investment hedges and translation on investment outside Hong Kong:

\$ million	Cost of hedging	Net investment hedges	Translation on investment outside Hong Kong	Total
Balance at 1 January 2023	22	4,857	(12,199)	(7,320)
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	–	–	2,446	2,446
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (see note 25(d)(i))	–	(660)	–	(660)
Cost of hedging – changes in fair value recognised in other comprehensive income	(8)	–	–	(8)
	(8)	(660)	2,446	1,778
Balance at 31 December 2023 and 1 January 2024	14	4,197	(9,753)	(5,542)
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	–	–	(2,724)	(2,724)
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income (see note 25(d)(i))	–	1,516	–	1,516
Cost of hedging – changes in fair value recognised in other comprehensive income	22	–	–	22
	22	1,516	(2,724)	(1,186)
Balance at 31 December 2024	36	5,713	(12,477)	(6,728)

24. Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges (net of any deferred tax effect) pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(i)(ii).

	2024 \$ million	2023 \$ million
Balance at 1 January	1,252	1,304
Effective portion of the cash flow hedge recognised in other comprehensive income	(33)	(34)
Amounts reclassified to profit or loss (see note below)	(43)	(34)
Related tax	31	16
Balance at 31 December (see note below)	1,207	1,252

Amount reclassified to profit or loss are recognised in the "Finance costs" line item in the consolidated statement of profit or loss (see note 8). The entire balance at 31 December 2024 and 2023 in the hedging reserve relates to continuing hedges.

(iii) Revenue reserve

The revenue reserve comprises the accumulated profits retained by the Company and its subsidiaries and includes the Group's share of the retained profits of its joint ventures and associates.

(e) Capital management

The Group's primary objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide returns to shareholders by securing access to finance at a reasonable cost;
- to support the Group's stability and future growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, forecast profitability, forecast operating cash flows, forecast capital expenditure and projected investment opportunities.

The Group monitors its capital structure on the basis of a net debt-to-net total capital ratio. For this purpose, the Group defines net debt as interest-bearing borrowings (excluding lease liabilities) less bank deposits and cash. Net total capital includes net debt and equity which comprises all components of equity (as shown in the consolidated statement of financial position).

During 2024, the Group's strategy, which was unchanged from 2023, was to control its level of debt in order to secure access to finance at a reasonable cost. In order to maintain or adjust the level of debt, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

As at 31 December 2024, the net cash position of the Group amounted to \$228 million (2023: \$1,104 million).

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

25. Financial risk management

The Group is exposed to credit, liquidity, interest rate and currency risks in the normal course of its businesses. The Group is also exposed to equity price risk arising from its equity investments in other entities. In accordance with the Group's treasury policy, derivative financial instruments are only used to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

(a) Credit risk

The Group's credit risk is primarily attributable to other receivables relating to bank deposits and over-the-counter derivative financial instruments entered into for hedging purposes. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group has defined minimum credit rating requirements and transaction limits for counterparties when dealing in financial derivatives or placing deposits to minimise credit exposure. The Group does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position. Except for the financial guarantees given by the Group as set out in note 27, the Group has not provided any other guarantee which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 27.

The Group has no significant concentration of credit risk arising from other receivables, with exposure spread over a number of counterparties.

The Group measures loss allowances for other receivables at an amount equal to lifetime ECLs (see note 2(l)(i)). No loss allowances are recognised as at 31 December 2024 (2023: \$Nil) based on historical actual loss experience.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from other receivables are set out in note 17.

25. Financial risk management (Continued)

(a) Credit risk (Continued)

Offsetting financial assets and financial liabilities

The Group's derivative transactions are executed with financial institutions and governed by either International Swaps and Derivatives Association Master Agreements or the general terms and conditions of these financial institutions, with a conditional right of set off under certain circumstances that would result in all outstanding transactions being terminated and net settled.

As these financial institutions currently have no legal enforceable right to set off the recognised amounts and the Group does not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously, all such financial instruments are recorded on gross basis at the end of the reporting period.

The following table presents the recognised financial instruments that are subject to enforceable netting arrangements but not offset as at the end of the reporting period:

\$ million	Note	2024			2023		
		Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount	Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount
Financial assets	21						
Cross currency swaps		1,148	-	1,148	443	-	443
Interest rate swaps		5	-	5	42	-	42
Forward foreign exchange contracts		1,619	(31)	1,588	1,060	(96)	964
Total		2,772	(31)	2,741	1,545	(96)	1,449
Financial liabilities	21						
Forward foreign exchange contracts		31	(31)	-	318	(96)	222

(b) Liquidity risk

The Group operates a central cash management system for all its subsidiaries in order to achieve a better control of risk and minimise the costs of funds. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with loan covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term. The Group had undrawn committed bank facilities of \$1,000 million at 31 December 2024 (2023: \$Nil).

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

\$ million	2024 Contractual undiscounted cash outflow/(inflow)				Total
	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	
Non-derivative financial liabilities					
Bank loans and interest accruals	131	2,534	–	–	2,665
Other payables	3,965	–	–	–	3,965
Derivative financial instruments					
Net settled					
Interest rate swaps	(5)	–	–	–	(5)
Gross settled					
Forward foreign exchange contracts:					
– outflow	5,152	2,952	3,052	8,329	19,485
– inflow	(5,578)	(3,482)	(3,335)	(8,919)	(21,314)
Cross currency swaps and related interest accruals:					
– outflow	244	244	7,935	–	8,423
– inflow	(199)	(199)	(8,619)	–	(9,017)
	3,710	2,049	(967)	(590)	4,202

\$ million	2023 Contractual undiscounted cash outflow/(inflow)				Total
	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	
Non-derivative financial liabilities					
Bank loans and interest accruals	161	160	3,137	–	3,458
Other payables	2,893	–	–	–	2,893
Derivative financial instruments					
Net settled					
Interest rate swaps	(45)	(5)	–	–	(50)
Gross settled					
Forward foreign exchange contracts:					
– outflow	5,453	3,920	6,212	4,273	19,858
– inflow	(5,349)	(4,368)	(6,724)	(4,462)	(20,903)
Cross currency swaps and related interest accruals:					
– outflow	249	244	8,178	–	8,671
– inflow	(202)	(199)	(8,817)	–	(9,218)
	3,160	(248)	1,986	(189)	4,709

25. Financial risk management (Continued)

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk on its interest-bearing assets and liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(i) Hedging

The Group's policy is to maintain at least a significant portion of its debt at fixed interest rate. The Group also uses interest rate swaps to manage the exposure in accordance with its treasury policy. The Group seeks to hedge the benchmark interest rate component only. The existence of an economic relationship between the interest rate swaps and the variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and/or receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the loans. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates.

The following table provides information on the interest rate swaps which have been designated as cash flow hedges of the interest rate risk inherent in the Group's variable rate bank borrowings at the end of the reporting period:

	2024	2023
Notional amount (\$ million)	2,544	2,801
Maturity date	2025	2025
Weighted average fixed swap rates	2.70%	2.70%

The carrying amount of interest rate swaps at 31 December 2024 was an asset of \$5 million (2023: an asset of \$42 million).

(ii) Interest rate profile

The following table details the interest rate profile of the Group's net interest-bearing assets and liabilities at the end of the reporting period, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments (see (i) above):

	2024		2023	
	Weighted average interest rate %	\$ million	Weighted average interest rate %	\$ million
Net fixed rate assets/(liabilities)				
Loans to unlisted joint ventures/ associates	8.7	5,806	10.1	8,287
Deposits with banks and other financial institutions	4.3	2,712	5.8	4,139
Cross currency swaps	N/A	1,148	N/A	443
Bank loans	3.7	(2,503)	3.7	(2,790)
Lease liabilities	4.5	(4)	4.0	(4)
		7,159		10,075
Net variable rate assets/ (liabilities)				
Loans to unlisted joint ventures	7.4	2,585	6.8	4,272
Cash at bank and on hand	–	21	–	62
Other receivables	–	–	5.3	84
Bank loans	5.4	(2)	5.4	(307)
Other payables	4.3	(1,311)	5.3	(460)
		1,293		3,651

(iii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit for the year and revenue reserve by approximately \$10 million (2023: increased/decreased by approximately \$26 million). Other components of consolidated equity would have decreased/increased by approximately \$2 million (2023: decreased/increased by approximately \$20 million) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis has been performed on the same basis as for 2023.

25. Financial risk management (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily arising from investments outside Hong Kong. The Group is also exposed to foreign currency risk arising from foreign currency transactions which give rise to receivables, payable and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The Group manages this risk as follows:

(i) Investments outside Hong Kong

Currency exposure arising from investments outside Hong Kong is mitigated in part either by funding a portion of the investment through external borrowings in the same currency as the underlying investment or by hedging with forward foreign exchange contracts and cross currency swaps. The Group designates the spot element of forward foreign exchange contracts and cross currency swaps to hedge the Group's currency risk. The forward elements of forward foreign exchange contracts and the foreign currency basis spread are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve.

The following table provides information on the forward foreign exchange contracts and cross currency swaps which have been designated as hedges of the currency risk inherent in the Group's investments outside Hong Kong at the end of the reporting period:

	2024	2023
Forward foreign exchange contracts:		
Notional amount (\$ million)	21,315	20,904
Maturity date	Ranging from 2025 to 2034	Ranging from 2024 to 2033
Weighted average contract rate:		
GBP:USD	1.4169	1.4022
AUD:USD	0.6694	0.6687
USD:CAD	1.3124	1.3166
EUR:USD	1.1316	1.1284
Cross currency swaps:		
Notional amount (\$ million)	8,518	8,518
Maturity date	2027	2027
Weighted average contract rate:		
AUD:USD	0.7367	0.7367

The carrying amount of forward foreign exchange contracts at 31 December 2024 includes an asset of \$1,619 million and a liability of \$31 million (2023: an asset of \$1,060 million and a liability of \$318 million). The carrying amount of cross currency swaps at 31 December 2024 includes an asset of \$1,148 million and no liability (2023: an asset of \$443 million and no liability). The change in fair value of the forward foreign exchange contracts and cross currency swaps during 2024 was a gain of \$1,516 million (2023: a loss of \$660 million) which were the effective portion of the hedge on investments outside Hong Kong recognised in other comprehensive income (see note 24(d)(i)).

(ii) Recognised assets and liabilities

The Group uses forward foreign exchange contracts and cross currency swaps to manage its foreign currency risk arising from foreign currency transactions. The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate:

'million	2024 Exposure to foreign currencies		
	USD	GBP	AUD
Receivables	4	–	5
Bank deposits and cash	222	31	30
Other payables	(168)	–	(6)
Overall exposure arising from recognised assets and liabilities	58	31	29

'million	2023 Exposure to foreign currencies		
	USD	GBP	AUD
Receivables	21	1	9
Bank deposits and cash	365	32	23
Other payables	(59)	–	(7)
Overall exposure arising from recognised assets and liabilities	327	33	25

Receivables include amounts due from joint ventures and associates, and interest and other receivables.

(iii) Sensitivity analysis

The following table indicates that a 10% strengthening in the following currencies against Hong Kong dollars at the end of the reporting period would have increased/(decreased) the Group's profit for the year and revenue reserve:

\$ million	2024	2023
	Effect on profit for the year and revenue reserve increase/(decrease)	Effect on profit for the year and revenue reserve increase/(decrease)
Pounds Sterling	31	33
Australian dollars	14	13

25. Financial risk management (Continued)

(d) Currency risk (Continued)

(iii) Sensitivity analysis (Continued)

A 10% weakening in the above currencies against Hong Kong dollars at the end of the reporting period would have had an equal but opposite effect on the Group's profit for the year and revenue reserve.

This sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit for the year and other components of equity measured in their respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis as for 2023.

(e) Equity price risk

The Group is exposed to equity price changes arising from unlisted equity securities which are held for strategic purposes (see note 16).

All of the Group's unlisted investments are held for long-term strategic purposes. Their performance is reviewed regularly based on information available to the Group.

These unlisted investments do not have a quoted market price in an active market and are recognised as FVPL.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair value measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Recurring fair value measurements

\$ million	Fair value measurement at 31 December 2024 categorised into		
	Level 2	Level 3	Total
Financial assets			
Other non-current financial assets	–	1,100	1,100
Derivative financial instruments:			
– Interest rate swaps	5	–	5
– Cross currency swaps	1,148	–	1,148
– Forward foreign exchange contracts	1,619	–	1,619
	2,772	1,100	3,872
Financial liabilities			
Derivative financial instruments:			
– Forward foreign exchange contracts	(31)	–	(31)

\$ million	Fair value measurement at 31 December 2023 categorised into		
	Level 2	Level 3	Total
Financial assets			
Other non-current financial assets	–	1,100	1,100
Derivative financial instruments:			
– Interest rate swaps	42	–	42
– Cross currency swaps	443	–	443
– Forward foreign exchange contracts	1,060	–	1,060
	1,545	1,100	2,645
Financial liabilities			
Derivative financial instruments:			
– Forward foreign exchange contracts	(318)	–	(318)

25. Financial risk management (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(b) Valuation techniques and inputs in fair value measurements

Level 2: The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the end of the reporting period. The fair values of interest rate swaps and cross currency swaps are measured by discounting the future cash flows of the contracts at the current market interest rates.

Level 3: Other non-current financial assets consist of investments in unlisted equity securities and other investments.

The unlisted equity securities are not traded in an active market. Their fair values have been determined using dividend discounted model. The significant unobservable inputs include cost of equity of 13.65% and growth rate of 2.5%. It is estimated that a 0.5% increase/decrease in cost of equity, with other variable held constant, would have decreased/increased the Group's profit for the year and revenue reserve by approximately \$13 million/\$14 million (2023: decreased/increased by approximately \$13 million/\$14 million). A 0.5% increase/decrease in growth rate, with other variable held constant, would have increased/decreased the Group's profit for the year and revenue reserve by approximately \$14 million/\$13 million (2023: increased/decreased by approximately \$14 million/\$13 million).

Other investments were measured at fair value based on value inputs that are not observable market data but change of these inputs to reasonable alternative assumptions would not have material effect on the Group's results and financial position.

(ii) Fair values of financial assets and liabilities carried at other than fair value

Amounts due from joint ventures and associates, other receivables, other payables and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 31 December 2024 and 2023.

26. Capital commitments

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

	2024 \$ million	2023 \$ million
Contracted for:		
Capital expenditure for property, plant and equipment	1	–
Authorised but not contracted for:		
Capital expenditure for property, plant and equipment	1	1

27. Contingent liabilities

	2024 \$ million	2023 \$ million
Guarantees given in respect of a joint venture	–	142

28. Material related party transactions

The Group had the following material transactions with related parties during the year:

(a) Joint ventures

Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to \$730 million (2023: \$871 million) for the year. The outstanding balances with joint ventures are disclosed in note 14.

28. Material related party transactions (Continued)

(b) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$133 million (2023: \$352 million) for the year. The outstanding balances with associates are disclosed in note 15.
- (ii) Other operating costs included support service charge recovered by an associate amounted to \$46 million (2023: \$45 million) for the total costs incurred in the provision or procurement of the general office administration and other support services and office facilities. The outstanding balance at 31 December 2024 with the associate was \$5 million (2023: \$6 million).

(c) Key management personnel remuneration

The emoluments of key management are disclosed in note 11.

Unless otherwise stated the above material related party transactions during the year did not constitute discloseable connected transactions or continuing connected transaction for the Company under the Listing Rules.

29. Substantial shareholder of the Company

The Company is a Hong Kong listed company and its shares are widely held by the public. CK Infrastructure Holdings Limited holds approximately 36.01% of the issued share capital of the Company as at 31 December 2024 and is a substantial shareholder of the Company.

30. Critical accounting judgements and estimates

The methods, estimates and judgements the Directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. Certain critical accounting judgements in applying the Group's accounting policies are described below.

Associates

- (a) CKI Spark Holdings No. One Limited holds a 51% attributable interest in Victoria Power Networks Pty Limited. Victoria Power Networks Pty Limited is the holding company of Powercor and CitiPower. Powercor operates and manages an electricity distribution business in western Victoria, Australia. CitiPower distributes electricity to the Melbourne central business district. The Group holds 54.76% of CKI Spark Holdings No. One Limited but the Group does not have control or joint control over it and, therefore, it has been accounted for as an associate.
- (b) CKI Spark Holdings No. Two Limited holds a 51% attributable interest in SA Power Networks Partnership. SA Power Networks Partnership is an electricity distributor in South Australia. The Group holds 54.76% of CKI Spark Holdings No. Two Limited but the Group does not have control or joint control over it and, therefore, it has been accounted for as an associate.

31. Company-level Statement of Financial Position

	Note	2024 \$ million	2023 \$ million
Non-current assets			
Property, plant and equipment		6	6
Investments in subsidiaries	31(a)	31,710	31,382
		31,716	31,388
Current assets			
Amounts due from subsidiaries	31(b)	22,153	18,702
Other receivables		4	13
Bank deposits and cash		2,187	2,179
		24,344	20,894
Current liabilities			
Amounts due to subsidiaries	31(b)	(2,378)	(3,941)
Other payables		(328)	(354)
		(2,706)	(4,295)
Net current assets			
		21,638	16,599
Total assets less current liabilities			
		53,354	47,987
Non-current liabilities			
Lease liabilities		(1)	(1)
Employee retirement benefit liabilities		(89)	(103)
		(90)	(104)
Net assets			
		53,264	47,883
Capital and reserves			
Share capital	24(c)	6,610	6,610
Reserves		46,654	41,273
Total equity attributable to equity shareholders of the Company			
	31(c)	53,264	47,883

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

Tsai Chao Chung, Charles
Director

Chan Loi Shun
Director

31. Company-level Statement of Financial Position (Continued)

(a) Investments in subsidiaries

Particulars of the principal subsidiaries at the end of the reporting period are set out in Appendix 2 on page 138.

(b) Amounts due from/to subsidiaries

Amounts due from/to subsidiaries are unsecured, interest free and recoverable/repayable on demand.

(c) Total equity attributable to equity shareholders of the Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

\$ million	Share capital (note 24(c))	Revenue reserve (note 24(d)(iii))	Proposed/ declared dividend (note 24(b))	Total
Balance at 1 January 2023	6,610	38,242	4,347	49,199
Changes in equity for 2023:				
Profit for the year	–	4,699	–	4,699
Other comprehensive income	–	(6)	–	(6)
Total comprehensive income	–	4,693	–	4,693
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	–	–	(4,347)	(4,347)
Interim dividend paid (see note 24(b)(i))	–	(1,662)	–	(1,662)
Proposed final dividend (see note 24(b)(i))	–	(4,348)	4,348	–
Balance at 31 December 2023 and 1 January 2024	6,610	36,925	4,348	47,883
Changes in equity for 2024:				
Profit for the year	–	11,374	–	11,374
Other comprehensive income	–	17	–	17
Total comprehensive income	–	11,391	–	11,391
Final dividend in respect of the previous year approved and paid (see note 24(b)(ii))	–	–	(4,348)	(4,348)
Interim dividend paid (see note 24(b)(i))	–	(1,662)	–	(1,662)
Proposed final dividend (see note 24(b)(i))	–	(4,348)	4,348	–
Balance at 31 December 2024	6,610	42,306	4,348	53,264

The net profit for the year of the Company is \$11,374 million (2023: \$4,699 million) and is included in determining the consolidated profit attributable to equity shareholders of the Company in the financial statements.

All of the Company's revenue reserve is available for distribution to equity shareholders. After the end of the reporting period, the Directors proposed a final dividend of \$2.04 per ordinary share, amounting to \$4,348 million. (2023: a final dividend of \$2.04 per ordinary share, amounting to \$4,348 million).

32. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
• Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
• Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
• Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
• HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
• HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

Appendix 1

Segment information

\$ million	2024						Total
	Investment in HKEI	Investments			Sub-total	All other activities	
		United Kingdom	Australia	Others			
For the year ended 31 December							
Reportable segment revenue	-	407	373	139	919	-	919
Result							
Segment earnings	-	407	374	137	918	(372)	546
Depreciation and amortisation	-	-	-	-	-	(3)	(3)
Bank deposit interest income	-	-	-	-	-	123	123
Operating profit	-	407	374	137	918	(252)	666
Finance costs	-	-	-	-	-	(169)	(169)
Share of results of joint ventures and associates	1,038	2,792	1,052	970	4,814	3	5,855
Profit before taxation	1,038	3,199	1,426	1,107	5,732	(418)	6,352
Taxation	-	-	(23)	(210)	(233)	-	(233)
Reportable segment profit	1,038	3,199	1,403	897	5,499	(418)	6,119
At 31 December							
Assets							
Property, plant and equipment and leasehold land	-	-	-	-	-	19	19
Other assets	-	1,287	1,401	415	3,103	809	3,912
Interest in joint ventures and associates	16,676	42,068	19,894	8,767	70,729	8	87,413
Bank deposits and cash	-	-	-	-	-	2,733	2,733
Reportable segment assets	16,676	43,355	21,295	9,182	73,832	3,569	94,077
Liabilities							
Segment liabilities	-	(457)	(1,188)	(23)	(1,668)	(2,423)	(4,091)
Current and deferred taxation	-	-	(6)	(399)	(405)	-	(405)
Interest-bearing borrowings	-	-	-	-	-	(2,505)	(2,505)
Reportable segment liabilities	-	(457)	(1,194)	(422)	(2,073)	(4,928)	(7,001)

\$ million	2023							
	Investment in HKEI	Investments				Sub-total	All other activities	Total
		United Kingdom	Australia	Others				
For the year ended 31 December								
Reportable segment revenue	–	495	638	159	1,292	–	1,292	
Result								
Segment earnings	–	495	638	151	1,284	(367)	917	
Depreciation and amortisation	–	–	–	–	–	(4)	(4)	
Bank deposit interest income	–	–	–	–	–	218	218	
Operating profit	–	495	638	151	1,284	(153)	1,131	
Finance costs	–	–	–	–	–	(143)	(143)	
Share of results of joint ventures and associates	1,053	2,299	845	1,064	4,208	3	5,264	
Profit before taxation	1,053	2,794	1,483	1,215	5,492	(293)	6,252	
Taxation	–	–	(50)	(195)	(245)	(4)	(249)	
Reportable segment profit	1,053	2,794	1,433	1,020	5,247	(297)	6,003	
At 31 December								
Assets								
Property, plant and equipment and leasehold land	–	–	–	–	–	19	19	
Other assets	–	1,081	514	366	1,961	824	2,785	
Interest in joint ventures and associates	16,572	40,963	21,457	9,697	72,117	8	88,697	
Bank deposits and cash	–	–	–	–	–	4,201	4,201	
Reportable segment assets	16,572	42,044	21,971	10,063	74,078	5,052	95,702	
Liabilities								
Segment liabilities	–	(311)	(680)	(129)	(1,120)	(2,201)	(3,321)	
Current and deferred taxation	–	–	(14)	(518)	(532)	–	(532)	
Interest-bearing borrowings	–	–	–	–	–	(3,097)	(3,097)	
Reportable segment liabilities	–	(311)	(694)	(647)	(1,652)	(5,298)	(6,950)	

> Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

Appendix 2

Principal subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2024 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Issued share capital	Percentage of equity held by the Company	Place of incorporation/ operation	Principal activity
HK Electric Investments Manager Limited	HK\$1	100*	Hong Kong	Trust administration
Hong Kong Electric International Finance (Australia) Pty Ltd	A\$2,704,982	100*	Australia	Investing
PAH Gas Infrastructure Limited	GBP330,991,737	100*	United Kingdom	Investment holding
PAI Investment Holdings Limited	HK\$2	100*	Hong Kong	Provision of management services
Quickview Limited	US\$2	100	British Virgin Islands/ Hong Kong	Investment holding

* Indirectly held

Appendix 3

Principal joint ventures

The following list contains only the particulars of joint ventures as at 31 December 2024 which principally affected the results or assets of the Group:

Name of joint venture	Issued or registered share capital	Percentage of the Group's effective interest	Place of incorporation/ operation	Principal activity	Measurement method
Australian Gas Networks Limited (note (a))	A\$879,082,753	27.51	Australia	Gas distribution	Equity
AVR-Afvalverwerking B.V. (note (b))	EUR1	27	The Netherlands	Producing energy from waste	Equity
Canadian Power Holdings Inc. (note (c))	C\$137,000,002 Ordinary shares	50	Canada	Electricity generation	Equity
CK William UK Holdings Limited (notes (d) & (e))	GBP5,122,005,121	20	United Kingdom	Investment holding	Equity
Electricity First Limited (note (f))	GBP1	50	United Kingdom	Electricity generation	Equity
Husky Midstream Limited Partnership (note (g))	C\$1,153,845,000 Class A units C\$621,301,154 Class B units C\$1,776,923 General Partnership Interest	48.75	Canada	Oil pipelines, storage facilities and ancillary assets operation	Equity
Northern Gas Networks Holdings Limited (note (h))	GBP71,670,980	41.29	United Kingdom	Gas distribution	Equity
UK Power Networks Holdings Limited (note (i))	GBP610,000,000 Ordinary shares	40	United Kingdom	Electricity distribution	Equity
Wales & West Gas Networks (Holdings) Limited (note (j))	GBP29,027	36	United Kingdom	Gas distribution	Equity
Wellington Electricity Distribution Network Limited (note (k))	NZ\$406,500,100	50	New Zealand	Electricity distribution	Equity

Appendix 3 (Continued)

Principal joint ventures (Continued)

Notes:

- (a) Australian Gas Networks Limited owns strategic gas distribution networks and transmission pipelines that operate in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.
- (b) AVR-Afvalverwerking B.V. is owned by Dutch Enviro Energy Holdings B.V., which is principally engaged in the business of waste processing and production and supply of renewable energy from the incineration of waste.
- (c) Canadian Power Holdings Inc. holds 49.99% partnership interest in TransAlta Cogeneration L.P. which owns interest in four power plants in Alberta and Ontario, Canada. Canadian Power Holdings Inc. also holds 100% interest in the Meridian gas-fired combined cycle cogeneration plant in Saskatchewan, Canada and 100% interest in Okanagan Wind projects in British Columbia, Canada.
- (d) CK William UK Holdings Limited owns 100% interest in the following companies:

Energy Developments Pty Limited
Multinet Group Holdings Pty Limited
DBNGP Holdings Pty Limited
AGI Development Group Pty Limited
Phoenix Energy Group Holdings Limited
UK Renewables Energy Group Limited

Energy Developments Pty Limited owns and operates an energy generation business mainly in Australia. Multinet Group Holdings Pty Limited and DBNGP Holdings Pty Limited operate natural gas distribution and transmission businesses in Australia respectively. AGI Development Group Pty Limited owns and operates gas pipelines and storage facility in Australia. Phoenix Energy Group Holdings Limited operates natural gas distribution and transmission businesses in Northern Ireland. UK Renewables Energy Group Limited owns and operates energy generation businesses in the UK.

- (e) CK William UK Holdings Limited owns 66% interest in United Energy Distribution Holdings Pty Limited, which operates an energy distribution business in Australia.
- (f) Electricity First Limited holds 50% stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom.
- (g) Husky Midstream Limited Partnership has ownership of midstream pipeline and terminal assets in the Lloydminster region of Alberta and Saskatchewan, Canada. Its asset portfolio includes oil pipeline, storage facilities and other ancillary assets.
- (h) Northern Gas Networks Holdings Limited operates a gas distribution network in the North and North East of England.
- (i) UK Power Networks Holdings Limited owns and operates three regulated electricity distribution networks in the United Kingdom that cover London, South East England and East England. The power networks also include certain non-regulated electricity distribution businesses, which consist predominantly of commercial contracts to distribute electricity to a number of privately owned sites.
- (j) Wales & West Gas Networks (Holdings) Limited is engaged in gas distribution in Wales and the South West of England.
- (k) Wellington Electricity Distribution Network Limited supplies electricity to Wellington, Porirua and Hutt Valley regions of New Zealand.

Appendix 4

Principal associates

The following list contains only the particulars of associates as at 31 December 2024 which principally affected the results or assets of the Group:

Name of associate	Issued share capital	Percentage of the Group's effective interest	Place of incorporation/operation	Principal activity	Measurement method
HK Electric Investments and HK Electric Investments Limited (note (a))	8,836,200,000 share stapled units being the combination of 8,836,200,000 units, HK\$4,418,100 Ordinary shares and HK\$4,418,100 Preference shares	33.37	Cayman Islands/ Hong Kong	Investment holding	Equity
SA Power Networks Partnership (note (b))	N/A	27.93	Australia	Electricity distribution	Equity
Victoria Power Networks Pty Limited (note (c))	A\$315,498,640	27.93	Australia	Electricity distribution	Equity

Notes:

- (a) HK Electric Investments and HK Electric Investments Limited collectively ("HKEI") holds 100% of The Hongkong Electric Company, Limited ("HK Electric"). HK Electric is responsible for the generation, transmission, distribution and supply of electricity to Hong Kong and Lamma Islands.
- (b) SA Power Networks Partnership operates and manages an electricity distribution business in the state of South Australia in Australia.
- (c) Victoria Power Networks Pty Limited is the holding company of Powercor Australia Limited ("Powercor") and The CitiPower Trust ("CitiPower"). Powercor operates and manages an electricity distribution business in western Victoria, Australia. CitiPower distributes electricity to the Melbourne central business district in Australia.