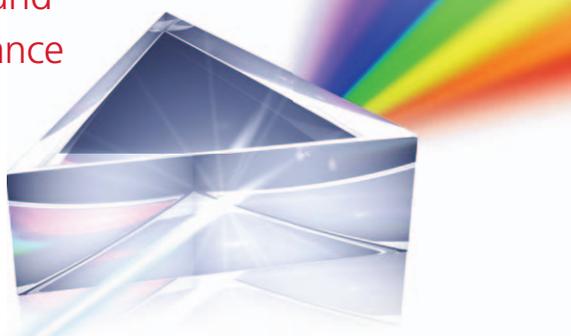


CORPORATE GOVERNANCE REPORT

The Company recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.



Corporate Governance Practices

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

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2015, except as noted hereunder.

Board of Directors

The Board, led by the Chairman, is responsible for the approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

During 2015, the Board comprised the following Directors and the record of attendance of meetings in 2015 of each Director is as follows:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Meetings between Chairman and Non-executive Directors	Annual General Meeting held on 14 May 2015	Court Meeting held on 24 November 2015	General Meeting held on 24 November 2015
Executive Directors							
Fok Kin Ning, Canning (Chairman)	6/6	–	1/1	2/2	√	√	√
Tsai Chao Chung, Charles (Chief Executive Officer)	6/6	–	–	–	√	√	√
Chan Loi Shun	6/6	–	–	–	√	√	√
Andrew John Hunter	5/6	–	–	–	√	√	√
Neil Douglas McGee	6/6	–	–	–	√	√	√
Wan Chi Tin	6/6	–	–	–	√	√	√
Non-executive Directors							
Li Tzar Kuoi, Victor	6/6	–	–	2/2	√	√	√
Frank John Sixt	6/6	–	–	2/2	√	√	√
Independent Non-executive Directors							
Ip Yuk-keung, Albert	6/6	3/3	–	2/2	√	√	√
Ralph Raymond Shea	6/6	3/3	1/1	2/2	√	√	√
Wong Chung Hin	5/6	3/3	1/1	2/2	√	x	x
Wu Ting Yuk, Anthony	6/6	–	–	2/2	√	√	√

Biographical information of the current Directors are set out in the “Board of Directors and Senior Management” section on pages 30 to 33 of the Annual Report. An updated list of Directors containing biographical information and identifying the Independent Non-executive Directors is maintained on the website of the Company. The names of all Directors and their role and function are posted on the website of Hong Kong Exchanges and Clearing Limited (“HKEX”).

The Board meets at least four times a year. Additional board meetings will be held when warranted. Regular meetings of a year are scheduled during the last quarter of the preceding year providing Directors with adequate time to plan their schedules to attend. The

Directors may attend meetings in person, by telephone or other electronic means in accordance with the Company’s articles of association. Throughout the year, the Directors also participate in the consideration and approval of matters by way of written resolutions, which are circulated to Directors together with supporting explanatory write-up and coupled with briefings from the Chief Executive Officer or the Company Secretary as required. Directors are required to declare their interests, if any, in the matters to be considered by them during board meetings and in the circular resolutions. During the year, the Board held six meetings, and the Chairman had two meetings with the Non-executive Directors without the presence of the Executive Directors.

CORPORATE GOVERNANCE REPORT

Directors at all times have full and timely access to information of the Group. A financial summary outlining the Group's financial position and performance and containing the actual and budgeted results from different operations, with major variances explained, is sent to Directors each month for their information. Directors also have independent access to senior management for information on the Group and unrestricted access to the services of the Company Secretary. The Company Secretary advises the Board on governance matters and board procedures. There is a procedure for Directors to seek independent professional advice whenever deemed necessary by them at the expense of the Company, as appropriate.

Directors receive at least fourteen days prior written notice of a regular meeting and may propose matters for discussion to be included in the agenda. An agenda with supporting board papers is sent to Directors no less than three days prior to a regular meeting. The Company Secretary assists the Chairman in seeing that Directors receive adequate information on each matter set out in the agenda and acts as co-ordinator for management in providing clarification sought by Directors. The minutes of Board meetings are prepared by the Company Secretary with details of the decisions reached, any concerns raised and dissenting views expressed. The draft minutes are sent to all Directors within a reasonable time after each meeting for their comments before being formally signed by the chairman of the meeting. Copies of the final versions of Board minutes are sent to Directors for their information and records. The signed minutes are kept in safe custody by the Company Secretary and are available for inspection by Directors.

All Directors have been appointed on annual twelve-month basis, subject to retirement from office by rotation and re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company. Directors retiring by rotation and offering themselves for re-election at the forthcoming annual general meeting are Mr. Chan Loi Shun and

Mr. Frank John Sixt. Information relating to the Directors offering themselves for re-election which is required to be disclosed under the Listing Rules is contained in the circular to shareholders dated 11 April 2016. None of the said Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Insurance coverage in respect of Directors' liability has been arranged by the Company.

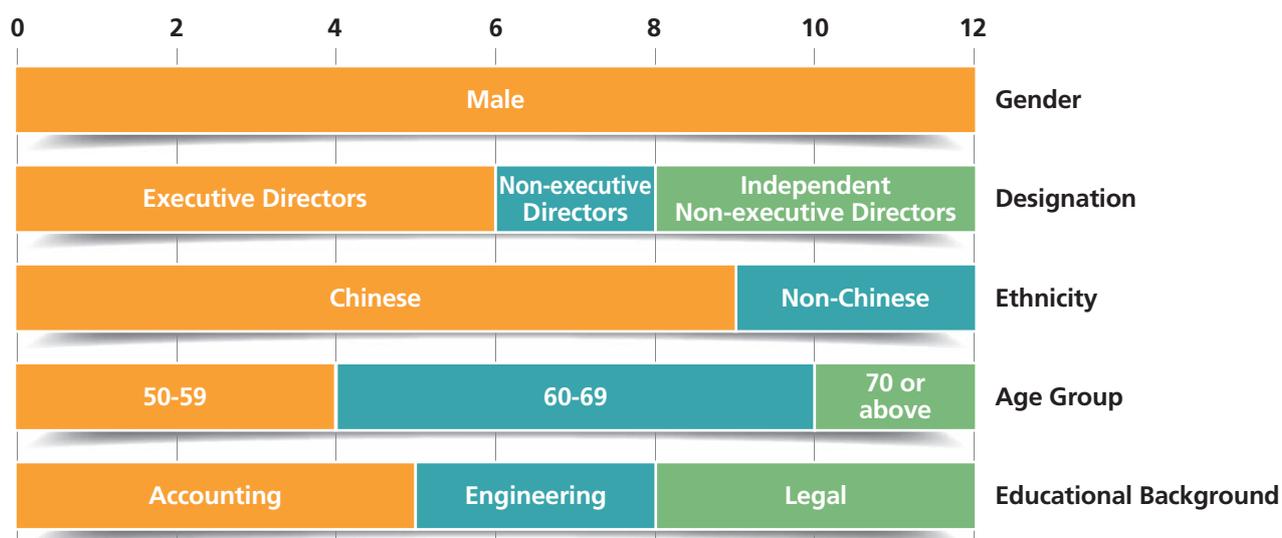
The Company does not have a nomination committee as provided for in the Corporate Governance Code. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer. The Chairman and the Chief Executive Officer may recommend candidates for election to the Board. The principal consideration is to build an effective and complementary board with the expertise, skills and experience appropriate for the requirements of the businesses of the Group with due regard to the benefits of diversity on the Board laid down in the Group's board diversity policy which sets out the approach to achieving board diversity, recognising that board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the board might consider relevant and applicable from time to time towards achieving board diversity. The policy is available on the website of the Company. Potential candidates for Independent Non-executive Directors will also be reviewed to determine whether they are independent according to the requirements of the Listing Rules, and are able to devote sufficient time to Board and committee meetings. Credentials of candidates are put forward to the Board for consideration in respect of any proposed appointment of a new director or any proposed appointment of a director to an executive office, and the appointment is subject to the approval of the Board.

Any newly appointed director will be subject to retirement and re-election pursuant to the articles of association of the Company at the next general meeting (in the case of filling a casual vacancy) and at the next annual general meeting (in the case of an addition to the Board).

The diversity profile of the Board as at 31 December 2015 is as follows:

Board Diversity

No. of Directors



Newly appointed Directors receive briefings and a package of orientation materials on the operations and businesses of the Group, together with information relating to duties and responsibilities of directors under statutory regulations and the Listing Rules. The Company Secretary updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties.

Directors' Training and Commitment

The Company arranges and provides continuous professional development training and relevant materials to Directors to help ensure they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendances at external forums or briefing sessions on the relevant topics also count towards continuous professional development training. The Directors have provided to the Company their records of continuous professional development training during 2015, and they have participated in training activities in the following manner:

CORPORATE GOVERNANCE REPORT

1. Reading materials and seminars on directors' duties, compliance issues for listed companies and/or legal and regulatory requirements
2. Reading materials on corporate governance and financial reporting
3. Reading materials and seminars on risk management, internal control and sustainable growth

	1	2	3
Executive Directors			
Fok Kin Ning, Canning	√	√	√
Tsai Chao Chung, Charles	√	√	√
Chan Loi Shun	√	√	√
Andrew John Hunter	√	√	√
Neil Douglas McGee	√	√	√
Wan Chi Tin	√	√	√
Non-executive Directors			
Li Tzar Kuoi, Victor	√	√	√
Frank John Sixt	√	√	√
Independent Non-executive Directors			
Ip Yuk-keung, Albert	√	√	√
Ralph Raymond Shea	√	√	√
Wong Chung Hin	√	√	√
Wu Ting Yuk, Anthony	√	√	√

The Directors have each confirmed that he has allocated sufficient time and attention to the affairs of the Group, and have also disclosed their offices held in other public companies and organisations and updated the Company on any subsequent changes in a timely manner.

Directors' Securities Transactions

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regarding directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

Senior managers, and other nominated managers and staff who, because of their respective positions in the Company are likely to possess unpublished inside information regarding the Company and its securities are also required to comply with the Model Code.

Reminders are sent during each year to Directors, senior managers and other nominated managers and staff that they should not deal in the securities of the Company during the "black-out period" specified in the Model Code.

The Company has established a policy relating to inside information and securities dealing which is applicable to all its staff. The policy explains the meaning of unpublished inside information and the illegality of insider dealing, and sets out restrictions, controls and reporting mechanism for dealing with securities of the Company.

Directors' Responsibility for Financial Reporting and Disclosure

Annual and Interim Reports and Financial Statements

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

Accounting Policies

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

Accounting Records

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

Safeguarding Assets

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

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Group's financial statements have accordingly been prepared on a going concern basis.

Disclosure

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

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by separate individuals. During 2015, the Chairman of the Board was Mr. Fok Kin Ning, Canning and the Chief Executive Officer was Mr. Tsai Chao Chung, Charles.

The Chairman is elected by members of the Board for a term of one year until the conclusion of each annual general meeting whereupon the Chairman is subject to re-election. Both the Chairman and the Chief Executive Officer are subject to retirement from their directorship by rotation and re-election by shareholders every three years at the annual general meeting.

The Chairman is responsible for providing leadership to, and overseeing the functioning and effective running of, the Board to ensure that the Board acts in the best interests of the Group. The Chairman approves board meeting agendas and ensures that meetings of the Board are planned and conducted effectively and that all Directors are properly briefed on issues arising at board meetings. In addition to board meetings, the Chairman schedules two meetings annually with Non-executive Directors without the presence of Executive Directors. The Chairman also acts in an advisory capacity to the Chief Executive Officer in all matters covering the interests and management of the Group.

The Chief Executive Officer, working with the executive management team, is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. The Chief Executive Officer attends to developing strategic operating plans and is directly responsible for maintaining the operational performance of the Group. Working with other Executive Directors and the general managers, he ensures that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action when necessary. He maintains an ongoing dialogue with the Chairman and all other Directors to keep them informed of all major business development and issues. He is also responsible for building and maintaining an effective team to support him in his role.

Independent Non-executive Directors

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

Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea, Mr. Wong Chung Hin and Mr. Wu Ting Yuk, Anthony, Independent Non-executive Directors of the Company, have each provided a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board continues to consider these Directors to be independent.

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

As at 31 December 2015, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Tzar Kuoi, Victor	Interest of child or spouse	Family	151,000	151,000	0.01%
Tsai Chao Chung, Charles	Beneficial owner	Personal	4,022	4,022	≈ 0%

Long Positions in Shares of Associated Corporation HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Total	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporations	Corporate	7,870,000 (Note)	7,870,000	0.08%
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000	2,000,000	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	880	≈ 0%

Note:

Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("HKEI") comprise:

- 2,700,000 share stapled units of HKEI held by Lankford Profits Limited, a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF; and
- 5,170,000 share stapled units of HKEI held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Interests in Competing Business

In 2015, the interests of Directors in businesses which may compete with the Group's business of development, investment and operation of power generation, transmission and distribution and other energy related infrastructure facilities ("Business") were as follows:

Name of Director	Name of Company	Nature of Interests
Fok Kin Ning, Canning	CK Hutchison Holdings Limited ^(a)	Executive Director and Group Co-Managing Director ^(c)
	Hutchison Whampoa Limited ^(b)	Director ^(d)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman
	Husky Energy Inc.	Co-Chairman
Chan Loi Shun	Cheung Kong Infrastructure Holdings Limited	Executive Director and Chief Financial Officer
Andrew John Hunter	Cheung Kong Infrastructure Holdings Limited	Deputy Managing Director
Li Tzar Kuoi, Victor	CK Hutchison Holdings Limited ^(a)	Executive Director, Group Co-Managing Director and Deputy Chairman ^(e)
	Hutchison Whampoa Limited ^(b)	Director ^(d)
	Cheung Kong Infrastructure Holdings Limited	Chairman
	Husky Energy Inc.	Co-Chairman
Neil Douglas McGee	Husky Energy Inc.	Director
Frank John Sixt	CK Hutchison Holdings Limited ^(a)	Executive Director, Group Finance Director and Deputy Managing Director ^(f)
	Hutchison Whampoa Limited ^(b)	Director ^(d)
	Cheung Kong Infrastructure Holdings Limited	Executive Director
	Husky Energy Inc.	Director

Notes:

- (a) CK Hutchison Holdings Limited has been listed on the Stock Exchange and replaced the listing status of Cheung Kong (Holdings) Limited since 18 March 2015.
- (b) Hutchison Whampoa Limited was privatised by way of a scheme of arrangement on 3 June 2015.
- (c) Mr. Fok Kin Ning, Canning has been re-designated as an Executive Director and Group Co-Managing Director of CK Hutchison Holdings Limited with effect from 3 June 2015.
- (d) Each of Mr. Fok Kin Ning, Canning, Mr. Li Tzar Kuoi, Victor and Mr. Frank John Sixt has been re-designated as a Director of Hutchison Whampoa Limited with effect from 8 June 2015.
- (e) Mr. Li Tzar Kuoi, Victor has been re-designated as an Executive Director, Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited with effect from 3 June 2015.
- (f) Mr. Frank John Sixt has been re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited with effect from 3 June 2015.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the Group is capable of carrying on the Business independent of, and at arm's length from the businesses of the above companies. When making decisions on the Business, the above Directors, in the performance of their duties as Directors of the Company, have acted and will continue to act in the commercial best interest of the Group and all its shareholders.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company or any subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of or at any time during the year ended 31 December 2015.

Corporate Governance Functions

The Board delegates its responsibility for performing corporate governance duties to the Audit Committee.

At its meetings held in February and July 2015, the Audit Committee reviewed the governance structure of the Group, the records of continuous professional development activities of Directors and senior managers in 2014 and the half year to 30 June 2015, the compliance status of the Corporate Governance Code for the year 2014 and the first six months of 2015, and the corporate governance disclosure in the 2014 Corporate Governance Report and the 2015 interim report.

Remuneration Committee

The Remuneration Committee is chaired by Mr. Wong Chung Hin (an Independent Non-executive Director), and its other members are Mr. Fok Kin Ning, Canning (the Chairman) and Mr. Ralph Raymond Shea (an Independent Non-executive Director).

The Remuneration Committee's principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and senior management, and the determination of their individual remuneration packages. It reports to the Board at the next board meeting after decisions and recommendations have been made. Committee members may seek independent professional advice at the expense of the Company to discharge their duties as members of the Committee. The terms of reference of the Remuneration Committee are published on the Company's website and HKEX's website.

The Remuneration Committee receives and considers relevant remuneration data and market conditions. The remuneration of Executive Directors and senior management is determined with reference to the Company's performance and profitability, industry remuneration benchmarks and prevailing market conditions. Remuneration is performance-based and, coupled with an incentive system, is competitive to attract and retain talented employees.

The Committee held a meeting in December 2015 which was attended by all members. At that meeting it assessed the performance of the full time Executive Directors and senior management of the Group and considered and determined the performance-based bonus payable to them in respect of the 2015 financial year and their remuneration for the next year. None of the Directors and senior management participated in the determination of their own remuneration. The Committee, authorised by the Board, also reviewed and approved the 2016 wage and salary review proposal.

The emoluments paid to each Director for the 2015 financial year are shown in note 10 to the financial statements on page 82 of the Annual Report. The remuneration paid to members of the senior management for the 2015 financial year is disclosed by bands also in note 10 on page 84 of the Annual Report.

Audit Committee

The Audit Committee is chaired by Mr. Wong Chung Hin and its other members are Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea. All the three Committee members are Independent Non-executive Directors, and none of them is a partner or former partner of KPMG, the Group's external auditor. The Company Secretary acts as secretary to the Audit Committee.

The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting and internal control systems, the interim and annual financial statements, and corporate and compliance issues. The Committee also acts as the key representative body for overseeing the Company's relations with the external auditor, reviewing the arrangements which employees can use in confidence to raise concerns about improprieties in financial reporting, internal control and other matters, and undertaking duties relating to the corporate governance function of the Board. The Committee also meets regularly with KPMG to discuss the audit process and accounting issues. The chairman of the Committee summarises the subjects discussed and decisions or recommendations made in a written report to the Board after each meeting. Committee members may seek independent professional advice at the expense of the Company to discharge their duties as members of the Committee. Its terms of reference were amended in March 2016 to incorporate the amendments to the Corporate Governance Code relating to risk management and internal control published by the Stock Exchange in January 2016. The terms of reference of the Audit Committee are published on the Company's website and HKEX's website.

The Audit Committee held three meetings in 2015. During the meetings, the Audit Committee reviewed and considered matters including the Group financial statements and Annual Report for the year ended 31 December 2014, the audit fee and auditor engagement letter for the 2014 Group financial statements, the re-appointment of auditor, the report of the auditor to the Audit Committee in relation to the audit of the 2014 Group financial statements, the non-audit services provided by KPMG in the year 2014, the Group's risk management report as of December 2014, the internal control assessment declarations for the year 2014 and for the half year to 30 June 2015 in respect of the effectiveness of the system of internal controls of the Group, the internal audit plan for 2015, the 3-year cycle internal audit plan for 2015 to 2017, the financial statements for the six months ended 30 June 2015, the statistics on bribery activities and illegal or unethical behaviour of the Group and its major associates for the year 2014 and for the half year to 30 June 2015, the performance of the Group's major investments outside Hong Kong for the year ended 31 December 2014 and for the six months ended 30 June 2015, the Group's outstanding litigation and claims as at 31 December 2014 and 30 June 2015, the tax dispute with the Australian Tax Office, the Group's corporate governance structure, the compliance of the Corporate Governance Code by the Company, the disclosure in the 2014 Corporate Governance Report, the corporate governance disclosure in the 2015 interim report, the compliance review of the Deed of Non-competition with HK Electric Investments Limited, the risk appetite statement, the Group's Competition Compliance Policy, the continuous professional development activities undertaken by Directors and senior managers during 2014 and the six months ended 30 June 2015, KPMG's audit plan for the 2015 Group results and all internal audit reports compiled during the year. Representatives from KPMG were invited to attend two of the meetings and they discussed the 2014 audited financial statements, the 2015 audit plan and various accounting issues with the Committee.

Company Secretary

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

The appointment and removal of the Company Secretary is subject to approval of the Board. Although the Company Secretary reports to the Chairman and the Chief Executive Officer, all Directors have access for advice and service of the Company Secretary. Mr. Alex Ng has been appointed as the Company Secretary of the Company since May 2013 and has day-to-day knowledge of the Group's affairs. During the year ended 31 December 2015, Mr. Ng has received no less than fifteen hours of relevant professional training to refresh his skills and knowledge.

Internal Control

Introduction

The Board has overall responsibility for the Group's system of internal control and reviews its effectiveness through the Audit Committee to ensure that policies and procedures in place for the identification and management of risks are adequate.

The Audit Committee assists the Board in meeting its responsibility for maintaining an effective system of internal controls and risk management. The Committee reviews all material controls, including financial, operational and compliance controls and risk management functions. It reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and control risks are managed. The Audit Committee also reviews the annual work plans of the Internal Audit function, and considers the reports of the Chief Executive Officer to the Committee on the effectiveness of internal controls and risk management process in the Group's business operations. These reviews and reports are taken into consideration by the Committee when it makes its recommendation to the Board for approval of the annual consolidated financial statements.

Internal Control Environment

The Company's management encourages a risk aware and control conscious environment throughout the Group. Management sets objectives, performance targets or policies for the management of key risks including strategic planning, business operations, acquisitions, investments, legal and regulatory compliance, expenditure control, treasury, environment, health and safety, and customer service. The Company has a well established organisational structure with defined levels of responsibility and authority and reporting procedures. There are inherent limitations in any system of internal control and accordingly the Group's internal control system is designed to provide reasonable and not absolute assurance against material misstatement or loss.

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

Executive Directors and senior executives are appointed to the boards and board committees of all major operating subsidiaries, associates and joint ventures for monitoring the operations of those companies. There is a comprehensive system for reporting information by those companies to the Company's management.

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

Pursuant to an agreement dated 14 January 2014 between the Company and HK Electric Investments Limited for sharing of support services, HK Electric Investments Limited provides the relevant financial and accounting, treasury and internal audit services to the Company and to support its internal control functions.

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

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

The internal audit function reports to an Executive Director and the Audit Committee, and provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the operations of the Group's business units. Staff members are from a wide range of disciplines including accounting, engineering and information technology. Using risk assessment methodology and taking into account the scope and nature of the Group's activities and changes in operating environment, Internal Audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. Internal Audit's reports on the Group's operations are also reviewed and considered by the Audit Committee. The scope of work on the Group's business units performed by Internal Audit includes financial and operations review, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal Audit follows up audit recommendations on implementation by the business units and the progress is reported to the Audit Committee. With the assistance of Internal Audit, the Chief Executive Officer and an Executive Director assess the Group's system of internal control including financial, operational and compliance controls and risk management functions, formulate an opinion on the system and report their findings to the Audit Committee and the Board.

Effective risk management is fundamental to the achievement of the Group's strategic objectives. The Company has in place an enterprise risk management framework that provides a pro-active and systematic approach to the risk management process. More details are given in the Risk Management and Risk Factors on pages 53 to 55 of the Annual Report.

An internal control self assessment has been established requiring managers of each functional unit to assess the effectiveness of controls over the operations within their areas of accountability and compliance with applicable laws and regulations. These assessments form part of the bases on which the Chief Executive Officer formulates his opinion on the Group's internal control system.

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

Established guidelines where new businesses are being acquired including detailed appraisal and review procedures and due diligence processes are in place.

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

Code of Conduct

The Group recognises the need to maintain a culture of corporate ethics and places great emphasis on employees' ethical standards and integrity in all aspects of its operations. The Group's Code of Conduct, applicable to all employees, aims to give guidance in dealing with ethical issues, provides mechanisms to report unethical conduct and helps to foster a culture of honesty and accountability. Employees of the Group are required to adhere to the standards set out in the Code of Conduct.

CORPORATE GOVERNANCE REPORT

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

It is the responsibility of each Director and employee to avoid situations that may lead to or involve a conflict of interest. They should make full disclosure in case any of their dealings may have a conflict of interest with the activities of the Group. It is the responsibility of all Directors and employees who have access to and in control of the Group's information to provide adequate safeguard to prevent any abuse or misuse of that information. The Group strictly prohibits the use of inside information to secure personal advantage.

The Group promotes fair and open competition, and procurement of supplies and services are conducted in a manner of high ethical standards. There are procurement and tendering procedures in place to ensure impartial selection of suppliers and contractors, and that the hire of services and purchase of goods are based solely upon price, quality, suitability and need.

External Auditor

Independence

KPMG, the external auditor, have confirmed that they have been, for the year ended 31 December 2015, independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

Rotation of Engagement Partner

KPMG adopt a policy of rotating every seven years the engagement partner servicing their client companies. The last rotation in respect of the Group took place in the audit of the 2014 financial statements and the next rotation will take place in the audit of the 2021 financial statements.

Reporting Responsibility

The reporting responsibilities of KPMG are stated in the Independent Auditor's Report on page 61 of the Annual Report.

Remuneration

An analysis of the fees of KPMG and other external auditors is shown in note 8 to the financial statements on page 80 of the Annual Report.

Re-appointment

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

Shareholders

The Company has established a range of communication channels between itself and its shareholders and investors. These include the annual general meeting, the annual and interim reports, notices, letters, announcements and circulars, results highlights published in newspapers, news releases, the Company's website at www.powerassets.com and meetings with investors and analysts. All shareholders have the opportunity to put questions to the Board at general meetings, and at other times by e-mailing or writing to the Company.

Shareholders may at any time notify the Company by mail or email of any change in their choice of language (English or Chinese or both) or means of receiving (printed copies or through the Company's website) corporate communications from the Company.

The Company handles share registration and related matters for shareholders through Computershare Hong Kong Investor Services Limited, the Company's share registrar, whose contact details are set out on page 124 of the Annual Report.

Pursuant to section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings may request for the convening of a general meeting. The request stating the general nature of the business to be dealt with at the meeting should be signed by the requisitionists and sent to the Company in hard copy form or in electronic form. Pursuant to sections 580 and 615 of the Companies Ordinance, shareholders qualified under sub-section (3) and sub-section (2) of the respective sections may request for the Company's circulation of statements with respect to proposed resolutions to be considered at a general meeting and the Company's giving of notice of a resolution intended to be moved at an annual general meeting. The request should be signed by the requisitionists and sent to the Company in hard copy form or in electronic form in accordance with the statutory provisions.

The Board has adopted a communication policy which provided a framework to promote effective communication with shareholders. The policy is available on the website of the Company.

2015 Annual General Meeting

The annual general meeting is a main channel of communication between Directors and shareholders. The 2015 Annual General Meeting was held at Harbour Grand Kowloon on 14 May 2015. The notice of meeting, the annual report and the circular containing information on the proposed resolutions were sent to shareholders on 31 March 2015 which was more than 20 clear business days (as defined in the Listing Rules) and more than 21 clear days (as required by the Company's articles of association) prior to the meeting. The chairman and members of the Audit Committee, the Remuneration Committee and the Independent Board Committee respectively were available at the meeting to answer questions from the shareholders. Representatives from KPMG, the external auditor, also attended the meeting and were available to answer questions. A separate resolution was proposed by the Chairman in respect of each substantially separate issue, and voting on each resolution was conducted by way of a poll. The poll voting procedure was explained fully to shareholders during the meeting. Computershare Hong Kong Investor Services Limited, the Company's share registrar, was appointed as scrutineer to monitor and count the poll votes cast at the meeting. All the proposed resolutions, except for one of them, were passed by shareholders at the meeting and the percentage of votes cast in favour of each of them is set out below:

Ordinary resolutions

- Audited Financial Statement, Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2014 (99.9875%);
- Declaration of a final dividend of HK\$2.01 per share (99.9810%);
- Election of Mr. Neil Douglas McGee (76.8059%), Mr. Ralph Raymond Shea (97.9157%), Mr. Wan Chi Tin (76.8059%), Mr. Wong Chung Hin (96.8801%), and Mr. Wu Ting Yuk, Anthony (99.7927%) as Directors;
- Re-appointment of KPMG as auditor and authorisation of Directors to fix their remuneration (99.8549%);
- General mandates to Directors to issue and dispose of additional shares of the Company (63.4804%) and to repurchase shares of the Company (99.9797%), and extension of the general mandate to issue shares (64.8043%); and
- Acquisition of the connected debt securities issued or to be issued by Cheung Kong Infrastructure Holdings Limited or its subsidiaries (49.7601% – not passed).

Special resolution

- Adoption of the new Articles of Association (95.0381%)

The results of the poll, which included the number of shares voted for and against each resolution, were posted on the Company's and HKEX's websites on the same day of the meeting.

Court Meeting and General Meeting

A Court Meeting and a General Meeting to consider and approve the proposal regarding the proposed merger of Cheung Kong Infrastructure Holdings Limited and the Company by way of a scheme of arrangement (the "Scheme") and related matters were held at Harbour Grand Kowloon on 24 November 2015. The Notice of Court Meeting and the Notice of General Meeting, together with the circular containing information on the said proposal and the Scheme (the "Scheme Document"), were sent to shareholders of the Company on 20 October 2015. There was only one resolution proposed by the Chairman of the Court Meeting, and a separate resolution was proposed by the Chairman of the General Meeting in respect of each substantially separate issue, and voting on each resolution at the respective meetings was conducted by way of a poll. The poll voting procedure was explained fully to shareholders during the meetings. Computershare Hong Kong Investor Services Limited, the Company's share registrar, was appointed as scrutineer to monitor and count the poll votes cast at both meetings. The resolution proposed at the Court Meeting was not passed by the Disinterested Shareholders (as defined in the Scheme Document) and, despite the resolutions proposed at the General Meeting were passed by shareholders, the Scheme was not implemented. The percentage of votes cast in favour of each of the resolutions proposed at the Court Meeting and the General Meeting is set out below:

Court Meeting Resolution

- Approval of the Scheme (50.768459% – not passed)

General Meeting Special resolution

- Approval of the Scheme and the implementation of the Scheme (77.766767%)

Ordinary resolution

- Agreeing to the payment by Cheung Kong Infrastructure Holdings Limited of a conditional special interim dividend (52.124189%)

Company's Website

The Company maintains a website at www.powerassets.com. It contains a wide range of information of interest to investors and other stakeholders. For the dissemination of published information, such information including financial results, notices of meetings, announcements required under the Listing Rules, circulars to shareholders, press releases and other necessary announcements were uploaded onto the Company's website.

Articles of Association

The Company adopted a new set of Articles of Association by passing a special resolution on 14 May 2015 in order to bring the Articles of Association in line with the Companies Ordinance, which came into effect on 3 March 2014, as well as to modernise and update it. The new Articles of Association is posted on the Company's website and HKEX's website.

Key Dates

Announcement of 2015 interim results	23 July 2015
Payment of 2015 interim dividend (HK68 cents per share)	2 September 2015
Announcement of annual results for the year ended 31 December 2015	16 March 2016
Closure of register of members (annual general meeting)	9 May 2016 to 12 May 2016 (both days inclusive)
2016 annual general meeting	12 May 2016
Record date for 2015 final dividend	18 May 2016
Payment of 2015 final dividend (HK\$2.02 per share)	27 May 2016

Interests and Short Positions of Shareholders

As at 31 December 2015, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Interman Development Inc.	Beneficial owner	186,736,842 (Note 1)	8.75%
Venniton Development Inc.	Beneficial owner	197,597,511 (Note 1)	9.26%
Univest Equity S.A.	Beneficial owner	279,011,102 (Note 1)	13.07%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 (Note 1)	13.46%
Hyford Limited	Interest of controlled corporations	829,599,612 (Note 2)	38.87%
Cheung Kong Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 (Note 2)	38.87%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Hutchison International Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Hutchison Whampoa Limited	Interest of controlled corporations	829,599,612 (Note 3)	38.87%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	829,599,612 (Note 4)	38.87%
CK Hutchison Global Investments Limited (formerly known as CK Global Investments Limited)	Interest of controlled corporations	829,599,612 (Note 4)	38.87%
CK Hutchison Holdings Limited	Interest of controlled corporations	829,599,612 (Note 4)	38.87%

Other Persons

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Capital Research and Management Company	Investment Manager	149,500,700 (Note 5)	7.00%
The Capital Group Companies, Inc.	Investment Manager	149,500,700 (Note 5)	7.00%

Notes:

- (1) These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 829,599,612 shares of the Company held by Hyford described in Note (2) below.
- (2) Cheung Kong Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of Hutchison Whampoa Limited ("HWL") in the Company described in Note (3) below.
- (3) HWL is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (2) above as it holds more than one-third of the issued shares of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited ("HIH"). HIH holds more than one-third of the issued share capital of CKI.
- (4) CK Hutchison Holdings Limited ("CKH Holdings") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (3) above as it holds more than one-third of the issued shares of Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited respectively, each of which in turn holds more than one-third of the issued shares of HWL.
- (5) Capital Research and Management Company ("CRMC") is a wholly-owned subsidiary of The Capital Group Companies, Inc. ("CGCI"). As such, the interests of CRMC are notified by CGCI and are duplicated in the same 149,500,700 shares of the Company notified by CGCI.

CORPORATE GOVERNANCE REPORT

Save as disclosed above, as at 31 December 2015, there was no other person (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Public Float

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

Connected Transactions during 2015

Construction Agreement for design and construction of terminal station and connection assets for Ararat Wind Farm

On 15 June 2015, Transmission Operations (Australia) 2 Pty Ltd ("TOA2"), a wholly-owned subsidiary of Transmission General Holdings (Australia) Pty Ltd ("TGHA", a company indirectly held as to 50% each by the Company and Cheung Kong Infrastructure Holdings Limited ("CKI")), and Powercor Network Services Pty Ltd ("PNS", technically considered as a non-wholly owned subsidiary of the Company within the definition of "subsidiary" under the Listing Rules) entered into a construction agreement in connection with the design and construction of the terminal station and the connection assets for Ararat Wind Farm to be built in Victoria, Australia (the "Construction Agreement").

Pursuant to the Construction Agreement, PNS will build the said terminal station and the connection assets at a consideration of A\$37.87 million (approximately HK\$229.49 million). The consideration is payable by TOA2 to PNS in cash by monthly progress payments for works executed and materials, goods and equipment delivered. The consideration was determined having regard to the costs of sub-contracts, materials, manpower and overheads required for undertaking and completing the works under the agreement. Practical completion of the works is expected to be in August 2016.

Under the agreement, PNS will provide TOA2 with irrevocable unconditional undertakings from a financial institution for a total of A\$1.894 million (approximately HK\$11.478 million) as security for any payment and other obligations on the part of PNS.

CKI currently holds approximately 38.87% of the issued shares of the Company and by virtue of this shareholding, CKI is a substantial shareholder and accordingly a connected person of the Company. PNS is considered an indirectly non-wholly owned subsidiary of the Company under the Listing Rules. TGHA is held as to 50% by CKI and is therefore an associate of CKI and a connected person of the Company. As such, the Construction Agreement constitutes a connected transaction for the Company under the Listing Rules.

Shareholders have been informed of the entering of the Construction Agreement in the announcement posted on the respective websites of the Company and HKEX on 15 June 2015.

Formation of a joint venture for acquisition of all the shares and shareholders' contributions of Iberwind – Desenvolvimento e Projectos, S.A.

On 2 October 2015, the Company entered into a shareholders' agreement with CKI and UK Renewable HoldCo 1 Limited (the "JV Co"), together with their respective wholly-owned subsidiaries, (the "Shareholders' Agreement") in relation to the formation of a joint venture (in the form of the JV Co), subscription of shares in and advancing of shareholders' loans to the JV Co, funding for the acquisition of all the shares and shareholders' contributions of Iberwind – Desenvolvimento e Projectos, S.A. ("Iberwind", together with its subsidiaries, is engaged in the business of generating electricity from wind in Portugal) by the JV Co's Group (the "Acquisition"), and the operations and management of the JV Co's Group and Iberwind's Group following completion of the Acquisition (the "Joint Venture Transaction").

Pursuant to the Shareholders' Agreement, each of the Company and CKI, through their respective subsidiaries, will subscribe in cash for shares in the JV Co, advance shareholders' loans and/or subscribe for any other instruments subject to a maximum capital commitment of up to EUR175 million, of which EUR144 million was paid by each as net proceeds for the Acquisition. The total capital commitment is determined based on the funding requirement for the Acquisition, the costs and expenses associated with the Acquisition and the working capital requirements of the JV Co's Group.

Each of the Company and CKI will be entitled to appoint one director of the JV Co in respect of each complete 10% of the shares in the capital of the JV Co which it, directly or indirectly, owns.

CKI currently holds approximately 38.87% of the issued shares of the Company and by virtue of this shareholding, CKI is a substantial shareholder and accordingly a connected person of the Company. Therefore, the Joint Venture Transaction constitutes a connected transaction for the Company under the Listing Rules. As the relevant percentage ratios represented by the size of the financial commitment for the Company in connection with the Joint Venture Transaction exceed 0.1% but are less than 5%, the Joint Venture Transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

Shareholders have been informed of the Joint Venture Transaction in the announcement posted on the respective websites of the Company and HKEX on 2 October 2015.

Continuing Connected Transactions

Operation and Management Contract in respect of power plant investments in mainland China

Pursuant to an agreement dated 2 April 2009 entered into between Outram Limited ("Outram"), an indirect wholly-owned subsidiary of the Company, and Cheung Kong China Infrastructure Limited ("CKCI"), as supplemented by notices issued by Outram to CKCI on 30 September 2011 and 30 September 2014 by which its term was extended to 1 April 2018 (the "Agreement"), CKCI agreed to provide Outram with services in relation to the operation and management of Outram's power plant investments in mainland China. The fees payable to CKCI for the services are equivalent to CKCI's costs for provision of such services and are paid in cash on a monthly basis subject to a maximum of HK\$35,000,000 per year.

CKCI is an indirect wholly-owned subsidiary of CKI, a substantial shareholder of the Company, and therefore CKCI's provision of the services to Outram constituted continuing connected transactions (the "Continuing Connected Transactions") for the Company under the Listing Rules. The aggregate amount paid for the year ended 31 December 2015 attributable to the Continuing Connected Transactions subject to annual review requirements under the Listing Rules was HK\$30,530,844.

All the Independent Non-executive Directors have reviewed the Continuing Connected Transactions in the 2015 financial year and confirmed that those transactions had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company have been engaged to report on the continuing connected transactions in accordance with Hong Kong Standard of Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor have issued an unqualified letter to the Board containing their finding and conclusions in respect of the continuing connected transactions, in which they have confirmed that nothing has come to their attention that caused them to believe that the continuing connected transactions in the 2015 financial year (i) had not been approved by the Board, (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing such transactions, and (iii) had exceeded the annual cap amount for the 2015 financial year.

Other Transactions

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

Non-competition Deed with HK Electric Investments Limited

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

The Company has complied with the Non-competition Deed during 2015 and has, in accordance with the Non-competition Deed, provided HK Electric Investments Limited with its annual written confirmation.

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

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

The Investment Opportunity Deed also requires CKI and the Company to review the deed’s implementation as part of its internal audit plan and the respective audit committee of CKI and the Company to review the deed’s compliance.

In accordance with the Investment Opportunity Deed, a committee comprising all its independent non-executive directors has reviewed the compliance by CKI with the terms of the deed and any decision by the Group regarding any exercise of the rights under the deed. Having considered the Company’s internal control framework of ensuring the deed’s compliance, Internal Audit’s compliance review report, CKI’s annual compliance confirmation to the Company and other relevant documents, the committee has confirmed its view that during 2015, CKI complied with the terms of the Investment Opportunity Deed and the Group’s decisions regarding any exercise of the rights under the deed are made in accordance with the requirements thereof.