

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (the “Group”) as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding the interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality board of Directors (the “Board”), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Company has complied throughout the year ended 31 December 2023 with all applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 (formerly Appendix 14) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), other than that in respect of the separate roles of Chairman and Group Co-Managing Directors. Effective from 1 April 2024, Mr Victor T K Li is Chairman, Mr Fok Kin Ning, Canning Deputy Chairman and Mr Frank John Sixt and Mr Lai Kai Ming, Dominic Group Co-Managing Directors. The Company is in full compliance with the code provisions of the CG Code.

THE BOARD

Corporate Purpose, Values and Culture

The Group’s purpose is to create a better world through delivering the essential services that society needs, underpinned by the business values of innovation, collaboration, integrity and sustainability across all levels of the Group.

As a multinational conglomerate committed to the development, innovation and technology of core businesses of the Group, the Group lives up to this purpose by instilling a culture that is forward looking and agile to achieve competitiveness. It also respects and promotes creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions to enhance long-term sustainable growth and value as a principal objective of the Company. By upholding integrity, the Group strives to ensure fair and responsible practices in its operations and further solidifies its commitment to its purpose and values.

Guided by the Group’s core values, the Board plays a leading role in defining the purpose and strategic direction of the Group, sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned with the same purpose. Alongside the Group’s robust corporate governance framework and effective risk management and internal control systems, the desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders, through active collaboration, effective engagement and regular training at all levels. Board oversight of culture encompasses a range of measures and tools over time, including:

- **Active Collaboration:** The Group encourages collaboration across different functions, teams and levels to promote understanding, cooperation and diversity of thought. This collaborative approach fuels innovation and creativity, providing employees with an environment where they can truly thrive and flourish, thereby contributing to the sustainable growth of the Group.
- **Workforce Engagement:** This involves fostering a culture of open communication, transparency, and collaboration throughout the Group. Core businesses undertake employee engagement activities regularly to collect feedback and identify areas for improvement. For example, employee surveys are generally conducted at least bi-annually. These interactions help gauge overall employee sentiment and alignment with the core values of the Group.
- **Employee Retention and Training:** The Board oversees initiatives related to overall employee retention and training. This includes developing and implementing programmes that promote growth opportunities and career progression for employees at all levels, and creating a positive work environment. The Group provides induction sessions for new joiners to ensure they understand and embrace the desired culture, values and expectation of the Group. This is also supported by the Group’s comprehensive performance management and reward process to ensure equity, engagement and retention.

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- **Stringent Financial Reporting:** The Group maintains a robust financial reporting system to provide accurate and transparent financial information to stakeholders. This commitment promotes a culture of integrity, accountability and ethical behaviour throughout the Group.
- **Effective and Accessible Whistleblowing Framework:** A strong whistleblowing framework is crucial for detecting and addressing impropriety, misconduct or malpractice within the Group. The Board ensures the effectiveness and accessibility of the whistleblowing framework, allowing employees and those who deal with the Group to report concerns confidentially and without fear of retaliation. This fosters a culture that encourages transparency, ethical behavior and accountability.
- **Legal and Regulatory Compliance:** The Board, supported by the Group Legal Department (“GLD”) and the Group Corporate Secretarial Department (“GCSD”), has overall responsibility to oversee legal and regulatory compliance within the Group. Regular reviews and assessments are conducted to ensure the Group’s compliance with applicable laws and regulations. By setting a strong tone at the top and emphasising the importance of compliance, the Board fosters a culture that embodies legal and ethical standards, promoting trust, integrity and responsible decision-making. Employees are expected to follow the Code of Conduct and group policies that reflect the values and corporate culture of the Group.
- **Staff Health, Safety, Wellbeing and Support:** The Group places a high priority on creating and maintaining a workplace culture that is safe, healthy and supportive. The Group establishes comprehensive governance, policies and procedures to ensure a zero harm working environment. The Group also actively promotes diversity and inclusivity within its workforce. In addition, the Group implements initiatives that promote and support work-life balance, and provides resources for employee wellness.

From the annual Board performance evaluation conducted, the Directors are satisfied with the performance of the Board and acknowledged that the Board plays an effective role in the development and determination of the Group’s culture, strategy and overall commercial objective. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, values and strategy of the Group are aligned.

Corporate Strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group’s financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. Technology transformation also remains a key initiative of the Group to capture new cost and revenue opportunities in all businesses. At the same time, the Group is committed to maintaining long-term investment grade ratings, preserving strong liquidity and flexibility, sustaining a long and balanced debt maturity profile and actively managing cash flow and working capital. The Group explores opportunities to enhance shareholders’ returns, which include potential in-market consolidation and solidifying strategic alliances with global technology partners. The Chairman’s Statement and the Operations Review contained in this annual report and the Operations Analysis posted on the Group’s website (<http://www.ckh.com.hk/en/ir/presentation.php>), include discussions and analyses of the Group’s performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group’s objectives. The Group also focuses on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

Role of the Board

The Board is accountable to shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board, led by the Chairman, Mr Victor T K Li, and the Deputy Chairman, Mr Fok Kin Ning, Canning, fosters and oversees the culture, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Group Co-Managing Directors, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board Composition

As at the date of this report, the Board comprises 18 Directors, including the Chairman and Group Co-Managing Director, Group Co-Managing Director, Group Finance Director and Deputy Managing Director ("GFD/DMD"), three Deputy Managing Directors, one Executive Director, four Non-executive Directors and seven Independent Non-executive Directors (following the resignation of Ms Lee Wai Mun, Rose as an Independent Non-executive Director with effect from 14 December 2023, and the appointment of two Independent Non-executive Directors, Ms Chow Ching Yee, Cynthia and Ms Tsim Sin Ling, Ruth with effect from 14 December 2023 and 2 January 2024, respectively). Throughout 2023, the number of Independent Non-executive Directors on the Board exceeds the one-third requirement under the Listing Rules.

Subsequent to the date of this report, the Company has announced certain changes to its Board composition. As a result, effective on 1 April 2024:

- (1) Mr Victor T K Li ceased to be Group Co-Managing Director while remaining as the Chairman and Executive Director;
- (2) Mr Fok Kin Ning, Canning was appointed as Deputy Chairman. He ceased to be Group Co-Managing Director but remains as Executive Director;
- (3) Mr Frank John Sixt and Mr Lai Kai Ming, Dominic were appointed as Group Co-Managing Directors. Mr Sixt continues to be Group Finance Director; and
- (4) Mr Andrew John Hunter was appointed as an Executive Director.

In addition, Dr Wong Yick-ming, Rosanna who will retire by rotation at the 2024 annual general meeting (the "2024 AGM"), has informed the Company that she would not be seeking re-election at the 2024 AGM and would cease to be an Independent Non-executive Director with effect from the conclusion of the 2024 AGM.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 72 to 77 and on the website of the Group. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("HKEX") (www.hkexnews.hk).

Ms Chow Ching Yee, Cynthia, Ms Tsim Sin Ling, Ruth and Mr Andrew John Hunter, who were appointed to the Board in December 2023, January 2024 and April 2024 respectively, had obtained legal advice from an external law firm as required under Rule 3.09D of the Listing Rules on 20 December 2023, 22 December 2023 and 20 March 2024 respectively. Each of them has confirmed his/her understanding of the obligations as a Director of the Company.

Chairman, Deputy Chairman and Group Co-Managing Directors

The Chairman is responsible for providing leadership to the Board, overseeing its functioning and ensuring that it acts in the best interests of the Group. The Deputy Chairman supports the Chairman in effectively managing the Group, fostering its growth and ensuring its sustainable success. Through close collaboration with the Chairman, the Deputy Chairman actively contributes to the overall leadership and strategic direction of the Group. They are also responsible for ensuring that Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of other Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

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The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with shareholders and other stakeholders, as outlined later in this report.

The Group Co-Managing Directors, assisted by other Executive Directors, are 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. Acting as the principal managers of the Group's businesses, the Group Co-Managing Directors attend to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and are directly responsible for overseeing and delivering operational performance of the Group.

Working with the other Executive Directors and the executive management team of each core business division, the Group Co-Managing Directors present annual budgets to the Board for consideration and approval, and ensure that the Board is fully apprised of the funding requirements of the Group. The Group Co-Managing Directors ensure that the funding requirements of the businesses are met and monitor the operating and financial performance of the businesses against plans and budgets. The Group Co-Managing Directors maintain an ongoing dialogue with all Directors to keep them fully informed of all major business development and issues. In addition, they are also responsible for building and maintaining an effective executive team to support them in their roles.

Following the changes in the Group Co-Managing Directors position effective from 1 April 2024 as described above, the roles of Chairman and Group Co-Managing Directors are now separate. The Company is in full compliance with the code provisions of the CG Code.

During 2023, the position of Managing Director of the Company was jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors, while Mr Li also took on the position of Chairman. With the Group being a multinational conglomerate with diverse businesses in about 50 countries/markets, Mr Li and Mr Fok in their then position as Group Co-Managing Directors shared responsibilities in the overall strategic direction and day-to-day management of the Group, with no single individual having unfettered management decision power. Further, the Board comprising experienced and seasoned professionals continued to scrutinise material business matters and monitor performance of the Group to ensure that management function was effectively and properly exercised with balance of power and authority. The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an Independent Non-executive Director, also provided strong independent oversight of the Management in their respective areas of responsibilities and expertise. Hence, the arrangements provided checks and balances without jeopardising the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

Board Process

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance and business activities of the Group. Throughout the year, in addition to Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and written information from the Company Secretary or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to Directors as appropriate. Whenever warranted, additional Board meetings are held. Further, Directors have full access to information on the Group and advice and services of the Company Secretary and the GLD. They also have full access to independent professional advice at all times whenever deemed necessary and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and a draft agenda for review and comment about three weeks prior thereto. The full set of Board papers is normally supplied no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he/she or any of his/her close associates is materially interested, and such Director is not counted for quorum determination purposes.

In 2023, the Company held four Board meetings with 100% attendance. All Directors also attended the annual general meeting of the Company held on 18 May 2023 (the "2023 AGM"). The attendance record is set out below:

Directors	Board Meetings Attended/ Eligible to Attend	Attendance at 2023 AGM
Chairman		
Victor T K Li ⁽¹⁾⁽²⁾ (<i>Group Co-Managing Director</i>)	4/4	√
Executive Directors		
Fok Kin Ning, Canning ⁽³⁾ (<i>Group Co-Managing Director</i>)	4/4	√
Frank John Sixt ⁽⁴⁾ (<i>Group Finance Director and Deputy Managing Director</i>)	4/4	√
Ip Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	4/4	√
Kam Hing Lam ⁽¹⁾ (<i>Deputy Managing Director</i>)	4/4	√
Lai Kai Ming, Dominic ⁽⁴⁾ (<i>Deputy Managing Director</i>)	4/4	√
Edith Shih	4/4	√
Non-executive Directors		
Chow Kun Chee, Roland	4/4	√
Chow Woo Mo Fong, Susan	4/4	√
Lee Yeh Kwong, Charles	4/4	√
George Colin Magnus	4/4	√
Independent Non-executive Directors		
Chow Ching Yee, Cynthia ⁽⁵⁾	N/A	N/A
Philip Lawrence Kadoorie	4/4	√
Lee Wai Mun, Rose ⁽⁶⁾	4/4	√
Leung Lau Yau Fun, Sophie	4/4	√
Paul Joseph Tighe	4/4	√
Wong Kwai Lam	4/4	√
Wong Yick-ming, Rosanna	4/4	√

Notes:

- (1) Mr Victor T K Li is a nephew of Mr Kam Hing Lam.
- (2) Ceased to be Group Co-Managing Director with effect from 1 April 2024.
- (3) Appointed as Deputy Chairman and ceased to be Group Co-Managing Director with effect from 1 April 2024.
- (4) Appointed as Group Co-Managing Director with effect from 1 April 2024.
- (5) Appointed on 14 December 2023.
- (6) Resigned on 14 December 2023.
- (7) The above attendance record does not include Ms Tsim Sin Ling, Ruth who was appointed as an Independent Non-executive Director with effect from 2 January 2024 and Mr Andrew John Hunter who was appointed as an Executive Director with effect from 1 April 2024.

In addition to Board meetings, in 2023 the Chairman held monthly meetings with the Executive Directors and also met with the Independent Non-executive Directors twice without the presence of other Directors. Such meetings provide an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company.

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All Non-executive Directors (other than Ms Chow Ching Yee, Cynthia, Mr Philip Lawrence Kadoorie and Ms Tsim Sin Ling, Ruth) entered into service contracts for an initial term ending on 31 December of the year of appointment. Thereafter, the appointment is automatically renewed for successive 12-month periods. While the appointments of Ms Chow Ching Yee, Cynthia, Mr Philip Lawrence Kadoorie and Ms Tsim Sin Ling, Ruth do not have a specific term, their appointments are subject to the same rotation requirement as the other Directors. All Directors are subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election, and the re-election of retiring Directors at general meetings is presented in separate resolutions. Further, no Director has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Board Performance

The Company regards board evaluation as a critical tool to assess Board effectiveness and efficiency. Performance evaluation on the Board and its committees had been conducted for year 2023. The evaluation involved each Director completing a questionnaire to provide individual ratings as well as comments covering a range of topics. The findings of the evaluation were then analysed and circulated to the Board. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The evaluation parameters included, amongst others, the composition, diversity and leadership of the Board as well as board processes. Based on the performance review, the Board considers its existing practice as effective. The Board is also satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

Board Independence

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness. In March 2024, the Board conducted a review and considered that such mechanisms were properly implemented during 2023 and were effective.

The current composition of the Board (comprising more than one-third Independent Non-executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) exceed the independence requirements under the Listing Rules. The Company has a vigorous selection, nomination and appointment/re-appointment process for Directors (including Independent Non-executive Directors), see “Nomination Process” on pages 115 to 118 of this report. Fees to Independent Non-executive Directors are in the form of cash payment with additional fees payable to reflect membership or chairmanship of Board committees. None of these Directors receives remuneration based on performance of the Group. Information about remuneration of the Directors is set out on pages 120 and 121 of this report. The remuneration of Independent Non-executive Directors are also subject to a regular review mechanism to maintain competitiveness and commensurate with their responsibilities and workload.

To facilitate attendance and participation at Board and other Board committee meetings, the Company plans meeting schedules for the year well in advance, with electronic facilities for attendance as required. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. A guide for obtaining independent and legal or other professional advice is provided to Directors. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all Independent Non-executive Directors (see “Board Process” on pages 98 and 99 of this report). Each year, the Chairman meets with the Independent Non-executive Directors twice without the presence of other Directors, which provides an open agenda enabling them to express their views outside the boardroom.

The Independent Non-executive Directors have historically and consistently demonstrated strong commitment, and the ability to devote sufficient time to discharge their responsibilities at the Board. Their commitment is also subject to self-confirmation each year.

Training and Commitment

Upon appointment to the Board, Directors receive a package of comprehensive orientation materials on the Group comprising information on the Group, duties as a director and board committee member, as well as internal governance and sustainability policies of the Group. These orientation materials are presented to the Directors by senior executives in the form of a detailed induction to the Group's businesses, strategic direction and governance practice. Induction sessions were conducted and presented by senior executives in January 2024 to the newly appointed Independent Non-executive Directors, Ms Chow Ching Yee, Cynthia and Ms Tsim Sin Ling, Ruth.

The Company arranges and provides Continuous Professional Development ("CPD") training in the forms of formal training programmes, seminars, workshops, expert briefings, webcasts and selected reading materials to Directors to help them to keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. From time to time, Directors also participate as speakers at events to share knowledge and insights on different topics. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 38.5 hours had been provided to Directors in 2023. During the year, certain Independent Non-executive Directors also visited the ports and retail facilities of the Group in Hong Kong and attended a briefing session on the telecom business.

The Directors are required to provide the Company with details of CPD training undertaken by them from time to time. The training records are maintained by the Company Secretary and are made available for regular review by the Audit Committee.

During 2023, CPD training was provided to Directors on the following areas and topics:

Areas	Topics
Legal and Regulatory	<ul style="list-style-type: none"> • Enforcement and disciplinary processes • Regulatory updates from HKEX and the Securities and Futures Commission • Financial services and tax policies • De-SPAC transaction in Hong Kong • Takeovers Code amendments • Legal development in directors' duties and ESG
Corporate Governance/Sustainability Practices	<ul style="list-style-type: none"> • Climate leadership in the context of Group businesses • Sustainability trends and disclosures • Regulations and reporting on diversity, equity and inclusion • Global biodiversity framework • Ethics anti-corruption policies and ethics training disclosure in ESG report
Financial Reporting/Risk Management	<ul style="list-style-type: none"> • Issuers' financial statement disclosures • Enforcement investigations and outcomes • Corporate governance mosaic and financial reporting quality
Group's Businesses/Directors' Duties	<ul style="list-style-type: none"> • Roles and responsibilities of independent non-executive directors • Tackling current governance and regulatory issues
Digital/Information Technology	<ul style="list-style-type: none"> • Cybersecurity testing, policies and training • AI and ChatGPT's transformative impact on business and governance

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Based on the details so provided, the CPD training undertaken by the Directors during the year is summarised as follows, representing an average of approximately 16 hours undertaken by each Director during the year:

Directors	Areas				
	Legal and Regulatory	Corporate Governance/ Sustainability Practices	Financial Reporting/ Risk Management	Group's Businesses/ Directors' Duties	Digital/ Information Technology
Chairman					
Victor T K Li ⁽¹⁾ (Group Co-Managing Director)	√	√	√	√	√
Executive Directors					
Fok Kin Ning, Canning ⁽²⁾ (Group Co-Managing Director)	√	√	√	√	√
Frank John Sixt ⁽³⁾ (Group Finance Director and Deputy Managing Director)	√	√	√	√	√
Ip Tak Chuen, Edmond (Deputy Managing Director)	√	√	√	√	√
Kam Hing Lam (Deputy Managing Director)	√	√	–	√	–
Lai Kai Ming, Dominic ⁽³⁾ (Deputy Managing Director)	√	√	√	√	√
Edith Shih	√	√	√	√	√
Non-executive Directors					
Chow Kun Chee, Roland	√	√	√	√	√
Chow Woo Mo Fong, Susan	√	√	√	√	√
Lee Yeh Kwong, Charles	√	√	√	√	√
George Colin Magnus	√	√	√	√	√
Independent Non-executive Directors					
Chow Ching Yee, Cynthia ⁽⁴⁾	√	√	√	√	√
Philip Lawrence Kadoorie	√	√	√	√	√
Lee Wai Mun, Rose ⁽⁵⁾	√	√	√	√	√
Leung Lau Yau Fun, Sophie	√	√	√	√	√
Paul Joseph Tighe	√	√	√	√	√
Wong Kwai Lam	√	√	√	√	√
Wong Yick-ming, Rosanna	√	√	√	√	√

Notes:

- (1) Ceased to be Group Co-Managing Director with effect from 1 April 2024.
- (2) Appointed as Deputy Chairman and ceased to be Group Co-Managing Director with effect from 1 April 2024.
- (3) Appointed as Group Co-Managing Director with effect from 1 April 2024.
- (4) Appointed on 14 December 2023.
- (5) Resigned on 14 December 2023.
- (6) The above training record does not include Ms Tsim Sin Ling, Ruth who was appointed as an Independent Non-executive Director with effect from 2 January 2024 and Mr Andrew John Hunter who was appointed as an Executive Director with effect from 1 April 2024.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group throughout their tenure during the year ended 31 December 2023. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public listed companies and major appointments as well as update the Company on any subsequent changes.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly Appendix 10) of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In summary, a Director who wishes to deal in the securities of the Company must notify the Chairman (or a Director designated by the Board for such specific purpose) in writing prior to any dealings and obtain a dated written acknowledgement before any dealing. Any clearance to deal granted in response to a Director's request would be valid for no longer than five business days of clearance being received. After dealings, the Director must submit a disclosure of interests filing with respect to the dealing, within the time frame required under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the year ended 31 December 2023.

Board Committees

The Board is supported by four permanent board committees: Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, details of which are described later in this report. The terms of reference for these Committees, which have been adopted by the Board, are available on the websites of the Group and HKEX. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

COMPANY SECRETARY

The Company Secretary is accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board or Board Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

The Company Secretary who works closely with the Board to formulate the purpose, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both mounting regulatory and investor expectations, and to ensure the culture and the purpose, values and strategy of the Group are aligned.

The Company Secretary plays a leading role in ensuring that the Company develops and maintains a sound and effective corporate governance framework, in particular, a set of risk management and internal control systems so that regulatory compliance, good corporate governance practices and culture are upheld and practised by the Company.

The Company Secretary is responsible for apprising the Board with all legislative, regulatory, corporate governance and sustainability developments of relevance to the Group and that it takes these developments into consideration when making decisions for the Group. From time to time, the Company Secretary organises seminars on specific topics of importance and interest and disseminates reference materials to Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations under the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, and the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information, and Directors' obligations for disclosure of interests and dealings in the Group's securities, to ensure that the standards and disclosure requirements under the Listing Rules and applicable laws, rules and regulations are complied with and, where required, reported in the annual reports of the Company.

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The Company Secretary also serves as a crucial conduit of communications internally and externally. She facilitates information flow and communication among Directors and also conveys the Board's decisions to the Management from time to time and ensures a good channel of communication with shareholders. She also works with the Board and Management to assist in responding to regulators in a timely manner.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman, the Deputy Chairman and the Group Co-Managing Directors, all members of the Board have access to her advice and service. The Company Secretary has day-to-day knowledge of the Group's affairs. She confirms that she has complied with all the required qualifications, experience and training requirements under the Listing Rules.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year end.

The responsibility of Directors in relation to the financial statements is set out below. This should be read in conjunction with, but distinguished from, the independent auditor's report on pages 127 to 131 which acknowledges the reporting responsibility of the Group's auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company. The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") and the Listing Rules. Directors should incorporate such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has adopted appropriate accounting policies and made judgements and estimates that are reasonable in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position and reflect the transactions of the Group, upon which financial statements of the Group could be prepared in accordance with 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, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

As at the date of this report, the Audit Committee comprises four Independent Non-executive Directors who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, risk management and internal controls of the Company. The composition of the Audit Committee exceeds the independence requirements under the Listing Rules. It is chaired by Mr Wong Kwai Lam with Ms Chow Ching Yee, Cynthia (appointed on 14 December 2023), Mr Paul Joseph Tighe and Ms Tsim Sin Ling, Ruth (appointed on 2 January 2024) as members. Ms Lee Wai Mun, Rose ceased to be a member of the Audit Committee upon her resignation from the Board on 14 December 2023.

The Audit Committee held four meetings in 2023 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Kwai Lam (<i>Chairman</i>)	4/4
Chow Ching Yee, Cynthia ⁽¹⁾	N/A
Lee Wai Mun, Rose ⁽²⁾	4/4
Paul Joseph Tighe	4/4

Notes:

- (1) Appointed on 14 December 2023.
- (2) Ceased to be a member on 14 December 2023.
- (3) The above attendance record does not include Ms Tsim Sin Ling, Ruth who was appointed as an Independent Non-executive Director with effect from 2 January 2024.

The internal and external auditors attended all Audit Committee meetings. In addition, the Audit Committee held private sessions with them, as well as GFD/DMD, separately without the presence of Management.

The function of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal control systems (including cyber risks) and to take on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is responsible for monitoring the integrity of the Group's interim and annual results and financial statements, and reviewing the significant financial reporting judgements contained therein as well as overseeing the relationship between the Company and its external auditor. It is also required to develop and review the Company's policies and practices on corporate governance, including compliance with statutory and Listing Rules requirements; and review the scope, extent and effectiveness of the activities of the Group's internal audit function. In addition, it is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Throughout 2023, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The following paragraphs of this report set out a summary of the work performed by the Audit Committee during 2023 and 2024 (up to the date of this report).

During 2023 and 2024 (up to the date of this report), the Audit Committee met with the GFD/DMD, other senior management, the General Manager of Group Management Services Department ("GMSD", the Group's internal audit function) ("Internal Audit GM") and external auditor, PricewaterhouseCoopers ("PwC"), to review the 2023 interim and 2022 and 2023 annual results, reports and financial statements, and other financial, corporate governance, risk management, internal control and cyber risks of the Group. It received, considered and discussed the reports and presentations of Management, the Internal Audit GM and PwC. As part of these reviews and discussions, the Audit Committee evaluated the application by Management of critical accounting policies and material areas in which significant accounting judgements were applied, and focused on key audit matters reported by PwC, including the approach of Management on goodwill, other indefinite life intangible assets and investments in associated companies and joint ventures impairment testing. The Audit Committee also challenged Management to review all aspects of its impairment assessment approach to ensure the approach remains robust in terms of accounting judgements including compliance with the relevant accounting requirements to ensure that the Group's 2022 and 2023 annual results, reports and financial statements were prepared in accordance with HKFRS and comply with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules, and for such control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Based on these reviews and discussions, the Audit Committee is satisfied that the Group's 2023 interim and the Group's 2022 and 2023 annual results, reports and financial statements have been prepared in accordance with the aforementioned requirements and recommended that these be approved by the Board.

Corporate Governance Report

The Audit Committee met four times during 2023 and two times during 2024 (up to the date of this report) with PwC to consider its reports on the scope, strategy, progress and outcome of its independent review of the Group's 2023 interim financial statements and audit of the Group's 2022 and 2023 annual financial statements. It reviewed the composition of the audit engagement teams and PwC's strategy and approach for the review and the annual audit, including the audit risk and materiality assessment, the nature, timing and scope of the audit procedures, and PwC's reporting obligations before the audit commenced. It received and discussed updates with PwC on the audit including observations on the control environment and material areas in which significant accounting judgements were applied, as well as information about the firm's quality management and monitoring process for the audit, recent results from internal and external key quality reviews and inspections across the Group, as well as audit quality indicators focused on (i) the delivery of audit deliverables against agreed timetable and milestones; (ii) the hours of audit work delivered by senior PwC audit team members; (iii) the involvement of specialist and expert; (iv) the findings and results from internal and external reviews and inspections; and (v) the use of technology. The Audit Committee is satisfied with PwC's competence, expertise, resources, as well as the effectiveness of the audit process.

There were no breaches of the policy on hiring employees or former employees of the external auditor during the reported period. The Audit Committee reviewed the audit fees and the fees for non-audit services payable to PwC. The non-audit services were carried out in accordance with PwC's independence policy to ensure that they do not create a conflict of interest and comply with the Group's policy regarding the engagement of its external auditors for the various services.

During the reported period, the Audit Committee also reviewed the independence and objectivity of the external auditor. It had considered all relationships (including requirements for rotation of audit partners, provision of non-audit services and long-term audit relationship) between the Company and PwC when assessing the independence and objectivity of the external auditor. The Audit Committee considered PwC to be independent and PwC, in accordance with applicable professional ethical standards, provided the Audit Committee written confirmation of its independence and objectivity for 2023.

To assist the Board in assessing the overall governance, financial reporting, risk management and internal control framework and maintaining effective risk management and internal control systems covering all material controls, including financial, operational and compliance controls, in 2023, the Audit Committee reviewed the process by which the Group evaluated its control environment and managed significant risks (including cyber risks). It received, considered and provided feedback on the risk management report, the composite risk register, the risk heat map, the presentations of the Internal Audit GM and Management on their review with respect to the effectiveness of the risk management and internal control systems of the Group. Based on these reviews, the Audit Committee concurred with Management confirmation that such systems are effective and adequate. It also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

In addition, the Audit Committee reviewed, in conjunction with GMSD, the 2023 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal control systems (including cyber risks) of the Group. Further, it also considered the reports from the GLD on the Group's material litigation proceedings and compliance status on key legal and regulatory requirements. These reviews and reports were taken into consideration by the Audit Committee when it made its recommendation to the Board for approval of the consolidated financial statements. During 2023, the Audit Committee also received periodic presentations on, and reviewed, the compliance status of the Group with respect to the CG Code as well as other corporate governance topics including the Group's policies and practices on compliance with legal and regulatory requirements. The Audit Committee noted that the Company has complied throughout the year with all applicable code provisions of the CG Code, other than that in respect of the separate roles of Chairman and Group Co-Managing Directors, which deviation has been properly explained and disclosed in this report. In January 2024, the Audit Committee also reviewed and recommended to the Board updates to its terms of reference and the Shareholders Communication Policy to reflect the latest amendments to the Listing Rules effective on 31 December 2023. It has also received update reports on CPD training of Directors.

The Audit Committee, on behalf of the Board, also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy in January 2024. Having considered the multiple channels of communication and engagement in place (see "Relationship with Shareholders and Other Stakeholders" on pages 121 to 123 of this report), the Audit Committee is satisfied that the Shareholders Communication Policy has been properly implemented during 2023 and is effective.

External Auditor

The Group's policy regarding the engagement of its external auditors for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by the external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, such as audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that must be undertaken, or is otherwise best placed to undertake, by it in its capacity as auditor.
- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group engages the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.
- Other services – include, amongst others, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and GMSD with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditors is shown in note 7(b) to the financial statements. For the year ended 31 December 2023, PwC fees, amounting to HK\$262 million were primarily for audit services and those for non-audit services (which included tax compliance and other tax related services, and financial due diligence services) amounted to HK\$71 million, representing approximately 21% of the total PwC fees (audit and non-audit).

The current lead audit engagement partner has been in the role since 2017 and, in accordance with PwC's policy, is due for rotation after the completion of the annual audit for the year 2023. The Audit Committee has discussed with PwC the provisions the firm has in place for rotation of the lead audit engagement partner. A new lead audit engagement partner will be appointed after the completion of the annual audit for the year 2023.

The Audit Committee is satisfied with PwC's competence, expertise, resources, independence and objectivity, as well as the effectiveness of the audit process, and recommended to the Board on the re-appointment of PwC as the external auditor which will be considered by the shareholders at the forthcoming annual general meeting.

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The unqualified auditor's report is set out on pages 127 to 131. The consolidated financial statements of the Group for the year ended 31 December 2023 have also been reviewed by the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management and internal control systems are fundamental components of good corporate governance. They are pivotal to the sustainable growth of the Group, fostering resilience, and safeguarding the interests of stakeholders.

The Company recognises the dynamic nature of the risks (including sustainability and cyber risks) its businesses face. To ensure an effective management of the risks, a comprehensive governance structure is in place to systematically identify, assess, manage, and monitor risks that may have a material adverse impact on the achievement of the Group's strategic and business objectives.

To illustrate the structure and process of the risk management and internal control systems of the Group, the following table depicts detailed roles and responsibilities, in terms of "Governance and Oversight" by the Board through the Audit Committee and the Sustainability Committee, "Risk Review and Communication" by the Executive Directors, "Risk and Control Monitoring" by the Group functions, "Risk and Control Ownership" by the executive management teams of each core business, and "Independent Assurance" by GMSD.

Governance and Oversight

The Board

- Has overall responsibility for the systems of risk management and internal control of the Group.
- Evaluates and determines the nature and extent of the risks that the Group is willing to accept in pursuit of its strategic and business objectives, with due regard to its risk appetite.
- Inculcates appropriate risk culture across the business operations of the Group and ensures comprehensive policies and systems (including parameters of delegated authority) are in place.
- Reviews the effectiveness of the risk management and internal control systems of the Group, through delegation to the Audit Committee, and through review of Group-wide strategies, budgets, business plans and performances.

Audit Committee

- Reviews and discusses the risk management and internal control systems of the Group, with particular regard to their effectiveness, see further the Audit Committee Terms of Reference.

Sustainability Committee

- Reviews sustainability risks and opportunities, and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group, see further the Sustainability Committee Terms of Reference.

Risk Review and Communication

Executive Directors

- Provides leadership on risk and return balance.
- Monitors the risk profile of the Group and assesses if significant risks are appropriately mitigated.
- Ensures that a review of the effectiveness of the risk management and internal control systems of the Group has been conducted, and makes recommendation to the Board, through the Audit Committee, regarding the effectiveness of the systems.

Risk and Control Monitoring

Group Functions

- Establishes relevant policies and procedures for Group-wide adoption.
- Monitors the implementation and effectiveness of the risk management practices in core businesses and provides guidance where appropriate. In particular, the following dedicated working groups are formed:
 - Governance Working Group, chaired by the Executive Director and Company Secretary and comprising representatives from key functional departments of the Company, provides timely updates on emerging matters of compliance.
 - Competition and Regulatory Affairs Group, chaired by the Deputy Chairman of European Head Office and comprises legal and public affairs representatives across the Group, serves as a dedicated forum for the review, assessment and coordination of regulatory, public affairs and competition matters relevant to the Group's businesses across Europe and Asia.
 - Cyber Security Working Group, chaired by the Group Co-Managing Director and Group Finance Director ("GCMD/GFD") and including technical specialists from core businesses, as well as representatives from GMSD and the Group Information Services Department, manages the cyber security defences of the Group, monitors cyber threat landscape and set strategic plan.
 - Sustainability Working Group, comprising two Executive Directors as Co-Chairs, as well as other senior executives from key functional departments of the Company, supports the Sustainability Committee in discharging its responsibilities.

Risk and Control Ownership

Core Businesses

- Carries out risk management activities and escalates promptly on material issues.
- Ensures that a risk-aware culture is maintained at all levels of the operations through ongoing policy reinforcement and training.
- Conducts a review of the effectiveness of the risk management and internal control systems and provides management declaration on the review results half-yearly.

Independent Assurance

Internal Audit

- Provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the business operations of the Group (refer to pages 114 and 115 of this annual report for more details).

Whilst the risk management and internal control systems of the Group are designed to identify and manage risks that could adversely impact the achievement of the Group's strategic and business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

Corporate Governance Report

Risk Management

The Company adopts an Enterprise Risk Management framework which is consistent with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework facilitates a systematic approach in identifying, assessing, managing and monitoring risks (including sustainability and cyber risks) within the Group, be they of strategic, financial, operational or compliance nature.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the Executive Directors and the executive management teams of each core business about the current and emerging risks (including sustainability and cyber risks) that are relevant to their businesses, the plausible impacts of the risks and mitigation measures to ensure that the executive management teams of each core business have performed their duties to have effective systems. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks that the Group's businesses face. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach, involving regular input from each core business as well as discussions and reviews by the Executive Directors and the Board, through the Audit Committee. More specifically, on a half-yearly basis, each core business is required to formally identify the significant risks (including sustainability and cyber risks) their business faces and assess the risk severity in terms of potential impact and likelihood, whilst the Executive Directors provide input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as confirmed by the Executive Directors, form part of the risk management report for review and approval by the Audit Committee on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the report, discusses the risk management and internal control systems, including matters related to cyber risks, with the Internal Audit GM and Executive Directors, and provides input as appropriate so as to ensure effective systems in place. Pages 64 to 71 of this annual report provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations that differ materially from expected or historical results. More information about the Group's strategies and approaches to managing the sustainability and cyber risks that are material and relevant to the Group's businesses is set out in the standalone Sustainability Report of the Group.

Internal Control

Group structures covering all subsidiaries, associated companies and joint ventures are maintained and updated on a timely and regular basis. Executive Directors are appointed to the boards of all material operating subsidiaries and associated companies for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies, and similarly, management of each business is accountable for its conduct and performance. The Group Co-Managing Directors monitor the performance and review the risk profiles of the Group companies on an ongoing basis.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management teams and Executive Directors as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

Executive Directors review monthly management reports on the financial results and key operating statistics of each business and hold monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of the executive management teams of each core business attend monthly meetings with the GCMD/GFD and members of his finance team to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its unlisted subsidiary operations. The Group's Treasury function oversees the Group's investment and lending activities and also evaluates and monitors financial and operational risks, and makes recommendations to Management to mitigate those risks. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed to the Management weekly.

The Group has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specifically, material expenditures within the approved budget as well as unbudgeted expenditures are subject to approval by the GCMD/GFD or an Executive Director prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group has also established treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants, approval and reporting process for derivatives and hedging transactions.

In terms of formal review of the Group's risk management and internal control systems, a risk management and internal control self-assessment process that, on a half-yearly basis, requires the executive management team and senior management of each core business to review, evaluate and declare the effectiveness of such systems covering all material controls, including financial, operational and compliance controls over the operations of the business and devise action plans to address the issues, if any, is in place. These assessment results, together with the risk management report as mentioned earlier and the independent assessments by the internal and external auditors, form part of the bases on which the Audit Committee formulates its opinion on the effectiveness of the Group's risk management and internal control systems.

Legal and Regulatory Compliance

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The GLD has the responsibility of safeguarding the legal interests of the Group. The Group has in place a Policy on Legal Documentation Review and Reporting Procedures and Litigation Proceedings which is applicable to material legal matters across the entire Group worldwide, subject to variations that may be agreed between the GLD and an individual division from time to time.

In addition, the Group has established a Policy on Corporate Secretarial Practices which sets out the procedures for corporate secretarial compliance, including corporate authorisation for execution of documentation, preparation, approval and signing of minutes of Board and committee meetings and Board resolutions. In respect of any transaction which requires GLD clearance, GCSD will require confirmation of GLD clearance before it would arrange for the convening of Board meetings or the signing of Board resolutions. The GCSD is also responsible for regulatory filings and Listing Rules compliance.

The GLD team, led by the Head Group General Counsel, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management on legal and commercial issues of concern. In addition, the GLD is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting responses or filings with relevant regulatory and/or government authorities on regulatory issues and consultations.

Corporate Governance Report

GLD also prepares and updates internal policies and conducts tailor-made workshops where necessary so as to strengthen the internal controls and compliance procedures of the Group. It determines and approves the engagement of external legal advisers, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, GLD organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for Directors, business executives and the Group legal and corporate secretarial teams. In 2023, among others, GLD organised its 30th anniversary legal conference, one in Hong Kong and one in Dublin, inviting legal counsels from all core businesses to attend. The full day conferences featured a wide range of topics, including updates from different sectors, regulatory compliance, merger and acquisition, anti-trust and AI development. The two conferences were well received by the participants and provided a valuable platform for legal professionals of the Group to exchange ideas, share insights and stay abreast of the latest developments in the legal landscape.

On the listed companies level, the Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Act, the Companies Ordinance, the SFO and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated and where their securities are listed and traded. The GLD is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group. The Group is not aware of any incidents of non-compliance with such laws and regulations that may have a significant impact on the Group.

Governance Policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. All employees adhere to various Group policies that reflect the core values and corporate culture of the Group. The Code of Conduct is the central tool through which the Company sets the conduct expectations for employees underscoring the strong commitment of the Group to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company has also established anti-corruption and whistleblowing policies and systems, which are conducive to setting a healthy corporate culture and good corporate governance practices. In addition, the Group has adopted and implemented a number of other governance policies to incorporate the core values of the Group into its operations and practices. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group's businesses, corporate strategy and stakeholder expectations. In addition, employees are required to make a self-declaration every year to confirm that he/she has read, understood and will continue to comply with, the various Group policies. See the governance policies on the Group's website.

Key governance policies and guidelines of the Group include:

Code of Conduct

The Code of Conduct of the Group sets the standards for employees as are reasonably necessary to promote honest and ethical conduct, accurate and timely disclosure in the reports and documents that the Group files or submits to regulators, compliance with applicable laws and regulations, prompt internal reporting of violations and accountability for adherence to the Code of Conduct. Every employee is required to undertake to adhere to the Code of Conduct, which includes provisions dealing with conflict of interest, equal opportunities, diversity and a respectful workplace, health and safety, protection and proper use of company assets, record keeping, bribery and corruption, personal data protection and privacy as well as reporting procedures for illegal and unethical behaviour. Employees are required to report any non-compliance with the Code of Conduct in accordance with the established reporting and escalation procedures.

Whistleblowing Policy

In line with the commitment to achieve and maintain the highest standards of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice within the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them, including anonymity and legal protection against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee, which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

Anti-Fraud and Anti-Bribery Policy

In its business dealings, the Group does not tolerate any form of fraud or bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Anti-Fraud and Anti-Bribery Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance where necessary. Each Group company is required to report any actual or suspected incidents of bribery, theft, fraud or similar offences to the GCMD/GFD and the Internal Audit GM for independent analyses and necessary follow up (see page 114 of this report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to exercising proper controls in engaging third party representatives (such as advisers, agents, consultants, introducers and finders). All Group companies are required to exercise due care and diligence in selecting third party representatives and in monitoring their activities, and should adhere to the Group's Policy on Appointment of Third Party Representatives in this regard.

Corporate Communications Policy

The Group highly values its reputation in the communities and countries where it operates. Employees are required to observe the Corporate Communications Policy to ensure that the market receives timely and accurate information about the Group. The Group Corporate Affairs Department ("GCAD") and subsidiary corporate communications/public relations departments assist the Management to provide clear, consistent and congruent messages for the Group's businesses through the media in a speedy, professional and well-coordinated manner.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Group. The Shareholders Communication Policy sets out the framework the Company has put in place to promote effective two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information. The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and dissemination of information for stated purpose and on a need-to-know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of any listed entity within the Group when they are in possession of unpublished and price-sensitive information or confidential information, certain members of senior management or staff are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from designated members of management prior to any dealing in any such securities). Further, certain staff members in the Group Finance Department are subject to a two-month blackout period prior to the release of the Company's annual results and a one-month blackout period prior to the release of interim results, while relevant staff in the GCSD and GCAD are subject to a two-week blackout period.

Policy on Personal Data Governance

The Group is also committed to the safeguard and protection of the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Policy on Personal Data Governance and the applicable local policies and procedures.

Information Security Policy

Employees must not disclose any confidential information of the Group, its customers, suppliers, business partners or shareholders, except when disclosure is authorised by the Group in accordance with the Information Security Policy which defines the common policies for information confidentiality, integrity and availability to be applied across the entire Group.

Corporate Governance Report

Cyber Security Policy

The policy provides a framework for defining the baseline for cyber security practices, and managing cyber risks to ensure that the Group's efforts in this area are effective, coherent and well-coordinated.

Cyber Security Incident Reporting Policy

This policy was introduced in late 2023 to streamline the cyber security incident reporting process, facilitate prompt assessment and support for affected business units to enhance overall cyber security governance and minimise the impact and prevent future occurrence.

Board Diversity Policy and Director Nomination Policy

The two Board policies, Board Diversity Policy and Director Nomination Policy, set out the approach to achieving diversity as well as the approach and procedures the Board adopts for the nomination and selection of Directors. Further details of the policies are provided on page 115 of this report.

Internal Audit

The Internal Audit GM, reporting directly to the Audit Committee and also to the GCMD/GFD, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. It has wide authority to access to documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the Group's activities, internal audit devises its three-year risk-based audit plan for review by the Audit Committee. The audit plan is subject to continuous reassessment taking into account external and internal factors such as macro economic and regulatory changes, business and operational changes, emerging risks and opportunities (including sustainability and cyber-related ones), as well as audit and fraud findings which may affect the risk profile of the Group during the year.

GMSD is responsible for assessing the Group's risk management and internal control systems, including reviewing the continuing connected transactions of the Company (refer to pages 90 and 91 of this annual report for more details), formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the GCMD/GFD and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, GMSD maintains a regular dialogue with PwC so that the parties are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by GMSD includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

GMSD is also responsible for periodic fraud analyses and independent investigations. In accordance with the Group's Code of Conduct and Anti-Fraud and Anti-Bribery Policy, each core business derives its own set of escalation procedures to cater for its operational needs, and is required to report to the GCMD/GFD and the Internal Audit GM any actual or suspected fraudulent activities within a 24-hour timeframe should the amount involved exceeds the de minimis threshold as agreed between the GCMD/GFD and the executive management team of each core business. In addition, each core business submits a summary of fraud incidents statistics to the GCMD/GFD and the Internal Audit GM on a quarterly basis. These cases, together with those escalated through the whistleblowing channels, are recorded in the Company's centralised fraud incidents register under the custody of the Internal Audit GM, and are independently assessed and investigated as appropriate. The Internal Audit GM would promptly escalate any incidents of a material nature to the Chairman of the Audit Committee for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Audit Committee and the Executive Directors on a quarterly basis.

Reports from PwC on internal controls and relevant financial reporting matters are presented to the Internal Audit GM and, as appropriate, to the GCMD/GFD and the finance director or financial controller of the relevant executive management team. These reports are reviewed and appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2023 covering all material controls, including financial, operational and compliance controls, and concurs with Management confirmation that such systems are effective and adequate. No significant areas of concern which might affect shareholders were identified. In addition, the Board, through the Audit Committee and the Sustainability Committee, has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting, and sustainability performance and reporting functions.

NOMINATION OF DIRECTORS

Nomination Committee

The Nomination Committee is chaired by Dr Rosanna Wong, an Independent Non-executive Director, and with the Chairman Mr Victor T K Li and Independent Non-executive Director Mrs Sophie Leung as members.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules and reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

Nomination Process

The nomination process has been, and will continue to be, conducted in accordance with the Director Nomination Policy and the Board Diversity Policy, which are available on the website of the Group. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Pursuant to the Director Nomination Policy, the Nomination Committee, in determining the suitability of a candidate, will consider the potential contributions a candidate can bring to the Board including the attributes complementary to the Board, the commitment, motivation and integrity of the candidate, having due consideration of the benefits of a diversified Board.

Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board.

Corporate Governance Report

Following the appointment of Mr Andrew John Hunter as Executive Director of the Company on 1 April 2024, the Board comprises 19 Directors. The table below shows the Board structure, and skills set, expertise and competencies of the Directors:

Structure and Size					Committees				Qualification		Skills and Expertise					
Name	Age	Gender	Ethnicity	ED/NED/INED	Audit	Nomination	Remuneration	Sustainability	Professional	Educational	Business Management	Strategic Planning & Risk Management	Financial Reporting/ Banking	Legal/Regulatory	Sustainability	Related Industry Knowledge/Experience
Victor T K Li	59	M	C	ED		•	•			BSc, MSc	•	•	•			•
Canning Fok	72	M	C	ED					N1	BA	•	•	•			•
Frank Sixt	72	M	NC	ED				•	N2	MA, LLL	•	•	•	•	•	•
Dominic Lai	70	M	C	ED						BSc, MBA	•	•	•			•
Edmond Ip	71	M	C	ED						BA, MSc	•	•	•		•	•
Kam Hing Lam	77	M	C	ED						BSc, MBA	•	•	•			•
Edith Shih	72	F	C	ED				•	N3	BSE, MA, MA, EdM	•	•	•	•	•	•
Andrew Hunter	65	M	NC	ED					N4	MA, MBA	•	•	•			•
Roland Chow	86	M	C	NED					N5	LLM	•	•		•		
Susan Chow	70	F	C	NED					N6	BSc	•	•		•		•
Charles Lee	87	M	C	NED					N7	LLM	•	•	•	•		
George Magnus	88	M	NC	NED						MA	•	•	•			•
Cynthia Chow	60	F	C	INED	•					BA, MBA	•	•	•			
Philip Kadoorie	32	M	NC	INED						BSc	•	•			•	•
Sophie Leung	78	F	C	INED		•				BS	•	•	•	•		
Paul Tighe	67	M	NC	INED	•					BSc		•	•	•	•	
Ruth Tsim	67	F	C	INED	•				N8	MBA	•	•	•			•
Wong Kwai Lam	74	M	C	INED	•		•			BA, PhD	•	•	•			
Rosanna Wong	71	F	C	INED		•	•	•		BSocSc, MSW, MSc, MA, PhD	•	•	•		•	

F: Female
M: Male

C: Chinese
NC: Non-Chinese

ED: Executive Director
NED: Non-executive Director
INED: Independent Non-executive Director

Notes:

N1: Fellow of Chartered Accountants Australia and New Zealand

N2: member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada

N3: solicitor qualified in England and Wales, Hong Kong and Victoria, Australia; Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, holding Chartered Secretary and Chartered Governance Professional dual designations

N4: member of the Institute of Chartered Accountants of Scotland and of the HKICPA

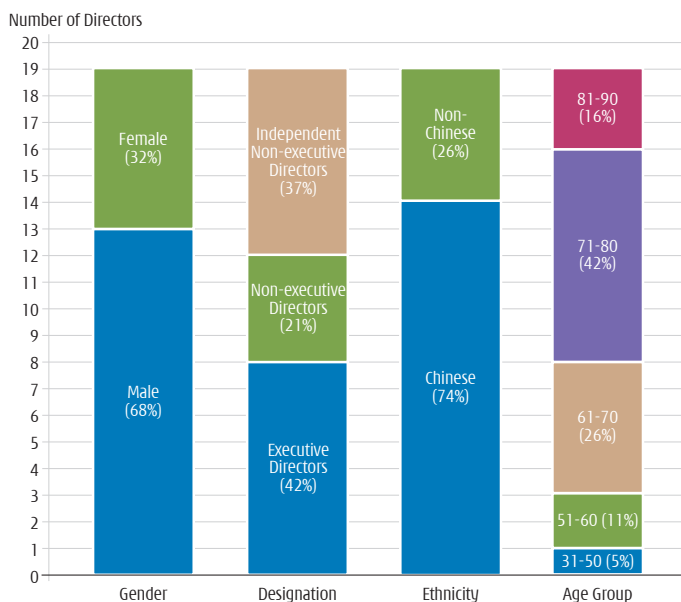
N5: solicitor of the High Court of the Hong Kong Special Administrative Region

N6: qualified solicitor

N7: qualified solicitor in both Hong Kong and the United Kingdom; Chartered Secretary and Chartered Governance Professional

N8: Fellow of the Association of Chartered Certified Accountants and the HKICPA; Associate of the Institute of Chartered Accountants in England and Wales; member of the Chartered Professional Accountants of British Columbia in Canada

The charts below show the diverse skills set of 19 Directors and the diversity profile of the Board:



Female representation at the Board stands at a relatively high level (31.5%, six out of 19 Directors) amongst companies listed on The Stock Exchange of Hong Kong Limited, increasing from 29.4% in 2022. Upon the retirement of Dr Wong Yick-ming, Rosanna from the Board at the conclusion of the annual general meeting of the Company to be held in May 2024, the female representation at the Board will decrease to 27.7% (five out of 18 Directors). The Company cements its commitment to gender diversity within its business so it continues to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company. The Company targets to maintain about 30% female directors on its Board. This target will be reviewed on an annual basis and from time to time by the Nomination Committee, as warranted. The Company will continue to seek to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. Structured recruitment, selection and training programmes at various levels within the Group will also continue to be conducted to develop a broader pool of skilled and experienced potential Board members.

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group is balanced, with a slightly higher female employee base driven by the Retail division. To support diversity across all facets, beyond gender, including race and ethnicity, disability, LGBTQ+, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, can be found in the 2023 Sustainability Report of the Group, which will be published together with this annual report.

If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisers of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Listing Rules.

Shareholders of the Company may also nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Group.

Corporate Governance Report

The Nomination Committee held two meetings in 2023 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna (<i>Chairman</i>)	2/2
Victor T K Li	2/2
Leung Lau Yau Fun, Sophie	2/2

During 2023, the Nomination Committee reviewed the structure, size and composition of the Board, ensuring that it has sound diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. In connection with the resignation of Ms Lee Wai Mun, Rose as Independent Non-executive Director, the Nomination Committee in December 2023 recommended to the Board the appointment of Ms Chow Ching Yee, Cynthia and Ms Tsim Sin Ling, Ruth as Independent Non-executive Directors. The appointment of Ms Chow and Ms Tsim was subject to a stringent assessment process in accordance with the Director Nomination Policy and Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee also assessed the independence of all Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. In particular, the Nomination Committee considered that all Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. None of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company. In addition, there are no circumstances which would materially interfere with their exercise of independent judgment.

At its meeting in February 2024, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors, deliberated and selected Directors for retirement and re-election at the 2024 AGM and recommended to the Board for consideration. It also reviewed the Board Diversity Policy and Director Nomination Policy as well as their implementation and effectiveness during 2023. These are determined to be effective. The Nomination Committee also recommended to the Board the appointment of Mr Andrew John Hunter as Executive Director. His appointment was subject to a stringent assessment process to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy. It also reviewed and recommended to the Board updates to its terms of reference to reflect the latest amendments to the Listing Rules which took effect on 31 December 2023.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Remuneration Committee is chaired by Dr Rosanna Wong, an Independent Non-executive Director, with the Chairman Mr Victor T K Li and an Independent Non-executive Director Mr Wong Kwai Lam as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The Remuneration Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and where warranted, at additional meetings.

The Remuneration Committee held one meeting in 2023 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna (<i>Chairman</i>)	1/1
Victor T K Li	1/1
Wong Kwai Lam	1/1

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objectives of attracting, retaining and motivating a broader and more diverse pool of employees of the highest calibre and experience needed to shape and execute the strategy across the Group's substantial, diverse and international business operations. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2024 directors' fees for Executive Directors and made recommendation to the Board on the proposed 2024 directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2024 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Group. No Director or any of his/her associates is involved in deciding his/her own remuneration. In 2024, the Remuneration Committee also reviewed and recommended to the Board updates to its terms of reference to reflect the latest amendments to the Listing Rules which took effect on 31 December 2023.

Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Executive Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Corporate Governance Report

2023 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 exclude amounts received from the Company's listed subsidiaries and paid to the Company. Details of emoluments paid to each Director in 2023 are set out below:

Name of Directors	Director's fees HK\$ million	Basic salaries, allowances and benefits-in-kind HK\$ million	Discretionary bonuses HK\$ million	Provident fund contributions HK\$ million	Inducement or compensation fees HK\$ million	Total emoluments HK\$ million
Victor T K LI ⁽¹⁾⁽²⁾						
<i>Paid by the Company</i>	0.31	5.14	44.70	–	–	50.15
<i>Paid by CK Infrastructure Holdings Limited ("CKI")</i>	0.13	–	30.02	–	–	30.15
	0.44	5.14	74.72	–	–	80.30
FOK Kin Ning, Canning ⁽³⁾	0.22	12.28	116.14	1.10	–	129.74
Frank John SIXT ⁽³⁾⁽⁴⁾	0.28	9.48	59.36	0.53	–	69.65
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.72	8.94	–	–	10.88
<i>Paid by CKI</i>	0.10	1.80	11.79	–	–	13.69
	0.32	3.52	20.73	–	–	24.57
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.52	8.31	–	–	11.05
<i>Paid by CKI</i>	0.08	4.20	10.82	–	–	15.10
	0.30	6.72	19.13	–	–	26.15
LAI Kai Ming, Dominic ⁽³⁾	0.22	6.23	57.22	0.51	–	64.18
Edith SHIH ⁽³⁾⁽⁴⁾	0.28	4.84	16.22	0.36	–	21.70
CHOW Kun Chee, Roland ⁽⁵⁾	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
George Colin MAGNUS ⁽⁵⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHOW Ching Yee, Cynthia ⁽⁶⁾⁽⁷⁾⁽⁸⁾	0.02	–	–	–	–	0.02
Philip Lawrence KADOORIE ⁽⁷⁾	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose ⁽⁹⁾	0.33	–	–	–	–	0.33
LEUNG LAU Yau Fun, Sophie ⁽¹⁾⁽⁷⁾	0.25	–	–	–	–	0.25
Paul Joseph TIGHE ⁽⁷⁾⁽⁸⁾						
<i>Paid by the Company</i>	0.35	–	–	–	–	0.35
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam ⁽²⁾⁽⁷⁾⁽⁸⁾	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁷⁾	0.37	–	–	–	–	0.37
Total:	5.17	48.21	363.52	2.50	–	419.40

Notes:

- (1) Member of the Nomination Committee.
- (2) Member of the Remuneration Committee.
- (3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.
- (4) Member of the Sustainability Committee.
- (5) Non-executive Director.
- (6) Appointed on 14 December 2023.
- (7) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.15 million (2022: HK\$2.33 million).
- (8) Member of the Audit Committee.
- (9) Former Independent Non-executive Director and member of the Audit Committee. Resigned on 14 December 2023.

The remuneration paid to the members of senior management by bands during the year is set out below:

Remuneration Bands*	Number of Individuals
HK\$10 million to HK\$14 million	1
HK\$20 million to HK\$24 million	3
HK\$25 million to HK\$29 million	2
HK\$60 million to HK\$64 million	1

* Rounding to the nearest million.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

In order to stay attuned to changing expectations of stakeholders, the Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Multiple channels of communication and engagement are available.

Through its Executive Directors, the GCAD, Group Investor Relations Department and the GCSD, the Group engages with and responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, webcasts, conference calls and presentations. In 2023, about 330 meetings were conducted with institutional investors and analysts by means of video calls, conference calls, group and one-on-one meetings and roadshows, with an increasing emphasis on sustainability strategy and priorities.

The Board also provides clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. The Memorandum and Articles of Association of the Company is published on the websites of the Group and HKEX. Moreover, a wide range of information on the Group is available to shareholders and stakeholders through the Investor Relations page on the Group's website, including details of the arrangements on dissemination of corporate communications of the Company and for requesting printed copies of corporate communications. A dedicated Corporate Governance section is also available on the Group's website. This report and the corporate governance policies and practices are available and updated on a regular basis. There is also an expanded Sustainability section on the website containing further information on sustainability as well as the sustainability policies.

Corporate Governance Report

Annual general meetings and other general meetings of the Company provide one of the primary forums for communication with shareholders and for shareholder participation. Such meetings provide shareholders with the opportunity to share their views and to meet the Board and certain members of senior management. Question and answer sessions at general meetings foster constructive dialogues between shareholders of the Company, Board members and Management.

Shareholders are encouraged to participate at general meetings of the Company physically, through electronic means, or by proxy if they are unable to attend in person. Pursuant to the Articles of Association of the Company, any two or more shareholders (or one shareholder which is a recognised clearing house, or its nominee(s)) holding not less than one-tenth of the paid up share capital of the Company, carrying the right of voting at general meetings of the Company, have rights to call for general meetings and to put forward agenda items for consideration by shareholders, by depositing at the principal office of the Company in Hong Kong a written requisition for such general meetings, signed by the shareholders concerned together with the objects of the meeting. The Board would within 21 days from the date of deposit of requisition convene the meeting to be held within a further 21 days.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Company's Hong Kong Share Registrar. The results of the poll are published on the websites of the Group and HKEX. In addition, regular updated financial, business and other information on the Group are made available to the shareholders and stakeholders on the Group's website.

The Company held one shareholders' meeting in 2023, being the 2023 AGM held on 18 May 2023 at Harbour Grand Kowloon as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2023 AGM was attended by all of the Directors and PwC. The respective chairpersons of the Board, Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee all attended the 2023 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2023 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 18 May 2023 are set out below:

Resolutions proposed at the 2023 AGM	Percentage of Votes
1 Adoption of the audited Financial Statements, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2022	99.8953%
2 Declaration of a final dividend	99.9989%
3(a) Re-election of Mr Fok Kin Ning, Canning as Director	92.0497%
3(b) Re-election of Mr Kam Hing Lam as Director	84.5534%
3(c) Re-election of Mr Chow Kun Chee, Roland as Director	92.7346%
3(d) Re-election of Mr Philip Lawrence Kadoorie as Director	99.1143%
3(e) Re-election of Mr Lee Yeh Kwong, Charles as Director	92.6386%
3(f) Re-election of Mr Paul Joseph Tighe as Director	99.1816%
3(g) Re-election of Mr Wong Kwai Lam as Director	95.8754%
4 Re-appointment of PricewaterhouseCoopers as Independent Auditor and authorisation of Directors to fix the Auditor's remuneration	99.5898%
5(1) Granting of a general mandate to Directors to issue additional shares of the Company	95.7738%
5(2) Granting of a general mandate to Directors to repurchase shares of the Company	99.6861%

Accordingly, all resolutions put to shareholders at the 2023 AGM were passed. The results of the voting by poll were published on the websites of the Group and HKEX.

Other corporate information relating to the Company is set out in the “Information for Shareholders” section of this annual report. This includes, among others, dates for key corporate events for 2024 and public float capitalisation as at 31 December 2023.

The Group values feedback from shareholders and other stakeholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Company Secretary by mail to 48th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong or by email at cosec@ckh.com.hk. Institutional investors and analysts can contact the Group Investor Relations of the Company by mail to 47th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong or by email at ir@ckh.com.hk. The Company also sets up a dedicated email address (sustainability@ckh.com.hk) for stakeholders to provide feedback and suggestions on the sustainability reports and sustainability issues. The Board receives updates from the Company Secretary, the Head of Group Investor Relations and the Group’s sustainability lead from time to time on key issues raised by shareholders and investors. In developing and formulating Group strategy, the Board considers such key issues raised and takes shareholder and stakeholder feedback into account (see also page 126 of this report on the Group’s efforts to engage with a broad range of stakeholders on sustainability topics).

Shareholders Communication Policy

The Audit Committee is responsible for regular review of the effectiveness and compliance with prevailing regulatory and other requirements of the Shareholders Communication Policy. In January 2024, the Audit Committee reviewed the policy and considered that the implementation of the policy was effective during 2023 (see “Audit Committee” on page 106 of this report). In February 2024, the policy was updated with respect to the arrangements for the electronic dissemination of corporate communications of the Company to the shareholders.

Dividend Policy

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

SUSTAINABILITY

Sustainability Governance

The Group’s sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability, which is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the Sustainability Working Group, the Governance Working Group and the Cyber Security Working Group as well as the sustainability functions embedded across all core businesses.

The Board level Sustainability Committee is chaired by Mr Frank Sixt with Ms Edith Shih and Dr Rosanna Wong as members.

The responsibilities of the Sustainability Committee are to propose and recommend to the Board on the Group’s sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals. The Sustainability Committee also reviews and reports to the Board on sustainability risks and opportunities, monitors and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Company’s sustainability programmes on its stakeholders, including employees, shareholders, investors, customers, business partners, suppliers, governments and regulators, local communities, non-government organisations, and the environment, and appraises and advises the Board on the Company’s public communication, disclosure and publications as regards to its sustainability performance.

Corporate Governance Report

The Sustainability Committee held two meetings in 2023 with 100% attendance.

Members	Attended/Eligible to Attend
Frank John Sixt (<i>Chairman</i>)	2/2
Edith Shih	2/2
Wong Yick-ming, Rosanna	2/2

During 2023, the Sustainability Committee focused on reviewing progress against the actions the Group committed to in the 2021 Sustainability Report. It also reviewed and approved the 2022 Sustainability Report published in April 2023. The Sustainability Committee received an update on the HKEX additional climate-related reporting requirement and readiness assessment, and other ESG-related reporting standards on the horizon. Dedicated resources for an early preparation was advised as a result. The adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was also examined and considered satisfactory by the Sustainability Committee.

At its meeting in March 2024, the Sustainability Committee reviewed the progress of previously approved sustainability goals and future goals. It also reviewed and recommended to the Board for approval the 2023 Sustainability Report, which will be published together with this annual report.

Supporting the Sustainability Committee is the Sustainability Working Group, comprising two Executive Directors as Co-Chairs, as well as other senior executives from key departments that impact the material sustainability issues of the Group.

Sustainability is embedded in the risk management approach of the Group, through the bi-annual formal examination of all business divisions as to their material sustainability risks and presentations to senior management their plans on how these risks are managed as part of the bi-annual review of risk management and internal control systems. As an integral part of sustainability governance, these self-assessment results are subject to internal audits, then submission to the GCMD/GFD biannually as well as the Audit Committee and Sustainability Committee respectively for review and approval.

Sustainability Framework

The Group's overall sustainability approach and priorities are built on four pillars: Environmental, Social, Governance and Sustainable Business Model & Innovation, with the latter pillar underscoring the importance of sustainability integration into the business strategies of the Group and the commercial opportunities that sustainability presents. The Group-level framework includes eight goals which extend to all core businesses which complement, rather than replace, the business division level strategies which should always serve to address their individual material sustainability issues based on the sectors and geographies in which they operate.

Each pillar is supported by Group-wide policies, leadership at Group level and collective efforts of each core business division. On an ongoing basis, the Group continues to assess, update and refine its sustainability policies with a view of ensuring that its systems, processes, standards and practices are enabling the achievement of the sustainability objectives of the Group which also evolve to reflect emerging sustainability trends. These policies can be found in the "Sustainability Policies" section of the Group's website (https://www.ckh.com.hk/en/esg/esg_policies.php). These policies and the governance policies mentioned earlier in this report form the foundation of the sustainability governance framework of the Group.

Progress

Beyond the following sustainability summary of progress, the standalone Sustainability Report of the Group, which will be published together with this annual report, will provide more details of the Group's sustainability initiatives and efforts.

During 2023, the Group dedicated significant efforts to implement its climate strategy focusing on developing science-based targets, net-zero pathways and scope 3 footprints.

With the Group's core businesses having set emissions reduction targets, underpinned by expansive action plans, the Group has decided to set its own Group-wide commitment of reducing scope 1 and 2 emissions by 50% by 2035 versus a 2020 baseline, as well as committing to the long-term pursuit of net-zero carbon emissions across its value chain by 2050. This target is based on the significant efforts by each of its core businesses in recent years to develop ambitious targets that are supported by expansive plans. During 2023, and following the Retail and Telecommunication divisions, Hutchison Port Holdings Limited also had their targets validated as science based by the Science Based Targets initiative (SBTi). In addition, the Infrastructure division's business units continued to make progress toward the net-zero ambitions throughout the year.

As part of the ongoing efforts to align the Group's climate action strategy development and reporting to leading practice frameworks, the Company has leveraged the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to provide more detailed insight to the Group's climate-related governance, strategy, risk management, and metrics and targets. Following the Group's guidance, CK Hutchison Group Telecom also published its first TCFD report in 2023.

Sustainability is prioritised by the Group not only because of the risks it poses but also as it acts as a growth opportunity for the Group. Throughout 2023, the Group's core businesses continued to invest in innovation and technology to create competitive advantage and future-ready its business:

- The Ports division finalised its net-zero transition strategy in line with its long-term ambition of achieving net-zero before 2050. To support this, it has mandated that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy.
- The Retail division continues its commitment to achieving its emission reduction targets which have been validated by the SBTi. In addition and with over 90% of its footprint being attributable to scope 3 emissions, this division continues to implement a major supplier engagement programme including trainings and tools to report more accurate data through a dedicated scope 3 emissions platform.
- The Infrastructure division's electricity distribution networks are leading the way in adopting low carbon technologies through smart grid schemes, expanding use of electric vehicles and integrate renewable energy into its charging facilities. Energy Developments continued to be a leading global sustainable energy provider. As for the gas distribution network, Northern Gas Networks, Wales & West Gas Networks, and Australian Gas Infrastructure Group are at the forefront of the hydrogen transition, while Dutch Enviro Energy and Enviro NZ continue to be major operators of waste management and recycling in their own countries. Other operations including UK Rails' battery trains, ista's new heating, energy and water consumption tracking devices, as well as Canadian Power's Okanagan wind farms and HK Electric's offshore terminal are all major sustainability projects facilitating decarbonisation of this division.
- The Telecommunication division continues to invest in the transition to 5G including network equipment upgrades, implementation of energy efficient network features, and virtualisation of networks, all of which are leading to more efficient processing of data traffic. Business units are also continuing to evaluate options for maintaining and increasing the proportion of renewable energy use.

Corporate Governance Report

Stakeholders Engagement

Throughout 2023, the Group continued its ongoing efforts to engage with a variety of stakeholders. As the Group has a diverse range of businesses and operates in about 50 countries/markets, maintaining a close dialogue with key stakeholders in each industry and geographical jurisdiction is critical when making business decisions and considering their potential sustainability impact. Recognising that sustainability performance is becoming an important investment decision factor for investors, the Company is dedicating significant efforts to investor outreach on sustainability topics as well as engaging with the ESG ratings agencies, which are highlighted as most important to the Group's top investors. In recognition of this effort, the Group's ESG rating by MSCI was upgraded two notches from a B to a BBB since 2021, and maintained as "Medium" ESG risk level by Sustainalytics (see "Relationship with Shareholders and Other Stakeholders" on pages 121 to 123 of this report).

The Group aspires to be an employer of choice through competitive remuneration packages, continuous professional training, and a safe and inclusive working environment. As part of the talent pipeline development, monthly in-house and external training courses and programmes covering a wide range of topics including technical skills development training, soft skills training and wellness programmes are provided to employees at all levels. Further, Group companies work with educational and professional institutions to inspire, train and mentor the younger generation for future careers with the Group. The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, sexual preference or position. It is a Group policy to provide equal opportunity to all employees with regard to hiring, pay rates, training and development, promotions and other terms of employment.

Focusing on inclusion and diversity continues to be a priority focus area. Recognising there are multiple pillars to inclusive workplaces, each business division dedicated focus to areas most in need of attention and of greatest importance to their employees. For the Ports, Telecommunications and Infrastructure divisions, creating more gender diverse workplaces continues to be a top focus with these businesses facing barriers relating to stereotypes of being traditionally male-dominated. AS Waston and 3 UK from the Retail and Telecommunication divisions were also acknowledged in 2023 with Diversity & Inclusion Award and as one of the Top 50 Employers for Gender Equality respectively. Superdrug is celebrated for its expansive programme encompassing six focuses: Age, Social Mobility, Disability, Gender Equality, LGBTQ+, and Race & Ethnicity. Wind Tre's proactive approach extends to the inclusion of diversity goals and metrics in management compensation schemes. In 2023, Wind Tre continues to receive the EQUAL-SALARY certification issued by the EQUAL-SALARY Foundation and in a collaboration with the University of Geneva and PwC, showing that Wind Tre has applied equal pay for women and men.

Compliance with Laws and Regulations

Many of the Group's businesses operate in highly regulated environments. Regulatory frameworks are closely analysed and monitored and internal policies are prepared and updated accordingly. Tailor-made workshops are conducted to strengthen awareness and understanding of the Group's internal controls and compliance procedures. In addition, refresher courses on ethical business practices are provided on a regular basis. Where appropriate, best practices are shared amongst Group companies to increase cross-fertilisation of ideas and know-how. Further, GMSD is responsible for the assessment of the Group's sustainability practices and relevant regulatory compliance.

The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning employment, occupational health and safety or labour standards, product responsibility, anti-corruption, air and water discharges, and generation of waste during the year (see also page 112 of this report on the Group's compliance with the relevant laws and regulations which have a significant impact on the Group).

By order of the Board

Edith Shih

Executive Director and Company Secretary

Hong Kong, 21 March 2024