

# 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 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. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

The Company has complied throughout the year ended 31 December 2018 with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the separate roles of Chairman and Chief Executive, and the nomination committee. The reasons for deviation are explained subsequently in this report.

The Company established a Nomination Committee on 1 January 2019 comprising all Directors. Further details of the Nomination Committee are set out in the section "Nomination Committee" below.

## The Board

### Corporate Strategy

The primary objective of the Company is to enhance long-term total return for shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. The Chairman's Statement and the Operations Review contain discussions and analyses of the Group's performance and the basis on which the Group generates or preserves value over the longer term, and the basis on which the Group will execute its strategy for delivering the Group's objectives.

### Role of the Board

The Board, which is accountable to shareholders for the long-term performance of the Company, is responsible for directing and guiding the strategic objectives of the Company and overseeing and monitoring managerial performance. Directors are charged with the task of promoting the long term success of the Company and making decisions in the best interests of the Company.

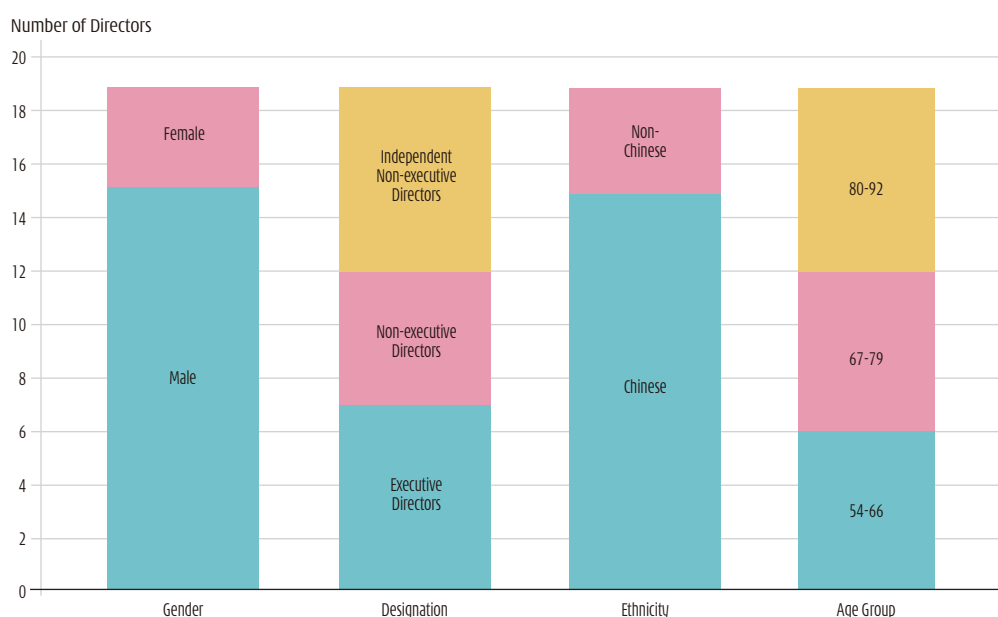
The Board, led by the Chairman, Mr Victor T K Li, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Group Co-Managing Directors.

### Board Composition

With effect from the conclusion of the annual general meeting of the Company held on 10 May 2018, Mr Li Ka-shing retired from the positions as Chairman and Executive Director and member of the Remuneration Committee, while Mr Victor T K Li was appointed as Chairman and continued with his position as Group Co-Managing Director. As at 31 December 2018, the Board comprised 19 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, five Non-executive Directors and seven Independent Non-executive Directors. Throughout the year, the number of Independent Non-executive Directors on the Board meets the one-third requirement under the Listing Rules. Information about changes to the Board composition during 2018 are set out in the section "Report of the Directors" on page 128.

The full Board is responsible for reviewing the structure, size, diversity profile and skills set of the Board and the progress in achieving the diversity objectives of the Company. The Board as a whole is also responsible for the selection and appointment of Directors and the review of succession plan for Directors. To this end, the Board is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. Further details of the Company's Board diversity policy and Director nomination policy are set out in the section "Nomination Committee" below.

The following chart shows the diversity profile of the Board as at 31 December 2018:



Biographical details of the Directors are set out in the section "Information on Directors" on pages 110 to 115 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](http://www.hkexnews.hk)).

### Chairman and Group Co-Managing Directors

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. He is also responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues discussed at Board meetings and provided with adequate and accurate information in a timely manner. 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 the other Executive Directors (of whom four are Deputy Managing 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 maintaining the operational performance of the Group. Working with the 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 businesses of the Group. With the assistance of the GFD/DMD, the Group Co-Managing Directors see to it that the funding requirements of the businesses are met and closely monitor the operating and financial performance of the businesses against plans and budgets, taking remedial action if necessary. The Group Co-Managing Directors maintain an ongoing dialogue with all Directors to keep them fully informed of all major business development and issues. They are also responsible for building and maintaining an effective executive team to support them in their roles.

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The position of Chief Executive of the Company has been jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015. As noted above, following the retirement of Mr Li Ka-shing as Chairman and Executive Director of the Company in May 2018, Mr Victor T K Li was appointed Chairman of the Company while continuing to hold the positions of Executive Director and Group Co-Managing Director of the Company. Accordingly, with Mr Fok Kin Ning, Canning acting as Group Co-Managing Director, the day-to-day management of the Company is led and shared by Mr Victor T K Li and Mr Fok Kin Ning, Canning with no single individual having unfettered management decision-making power. Further, the Board which comprises experienced and seasoned professionals continues to monitor the management of the Company to ensure that joint management is effectively and properly exercised. Hence, notwithstanding the Company might deviate from code provision A.2.1, which requires the roles of Chairman and Chief Executive to be performed by different individuals, the current arrangements provide check and balance and do not jeopardise 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, business activities and development of the Group. Throughout the year, 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/or 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. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by Directors 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 an agenda with supporting Board papers 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 or arrangement in which he/she or any of his/her close associates is materially interested in, and such Director is not counted for quorum determination purposes.

In 2018, the Company held four Board meetings with overall attendance of approximately 99%. All Directors (including Non-executive and Independent Non-executive Directors) attended the annual general meeting of the Company held on 10 May 2018 (the "2018 AGM") and the Board meeting held on the same day. The attendance record is set out below:

Directors	Board Meetings Attended/ Eligible to Attend	Attendance at 2018 AGM
<b>Chairman</b>		
Li Ka-shing <sup>(1)(2)</sup>	2/2	✓
Victor T K Li <sup>(1)(3)</sup> ( <i>Group Co-Managing Director</i> )	4/4	✓
<b>Executive Directors</b>		
Fok Kin Ning, Canning ( <i>Group Co-Managing Director</i> )	4/4	✓
Frank John Sixt ( <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 <sup>(1)</sup> ( <i>Deputy Managing Director</i> )	4/4	✓
Lai Kai Ming, Dominic ( <i>Deputy Managing Director</i> )	4/4	✓
Edith Shih	4/4	✓
<b>Non-executive Directors</b>		
Chow Kun Chee, Roland	4/4	✓
Chow Woo Mo Fong, Susan	4/4	✓
Lee Yeh Kwong, Charles	4/4	✓
Leung Siu Hon	4/4	✓
George Colin Magnus	4/4	✓
<b>Independent Non-executive Directors</b>		
Kwok Tun-li, Stanley	3/4	✓
Cheng Hoi Chuen, Vincent	4/4	✓
Michael David Kadoorie	4/4	✓
Lee Wai Mun, Rose	4/4	✓
William Shurniak	4/4	✓
Wong Chung Hin	4/4	✓
Wong Yick-ming, Rosanna	4/4	✓

Notes:

- (1) Mr Li Ka-shing is the father of Mr Victor T K Li and brother-in-law of Mr Kam Hing Lam.
- (2) Retired as Chairman and Executive Director on 10 May 2018.
- (3) Appointed as Chairman on 10 May 2018.

In addition to Board meetings, in 2018 the Chairman holds regular meetings with the Executive Directors and meets with Non-executive Directors (including Independent Non-executive Directors) twice without the presence of the Executive Directors. The Non-executive Directors (including Independent Non-executive Directors) freely provide their independent views to the Board.

All Non-executive Directors entered into service contracts for an initial term ending on 31 December of the year of appointment which contracts are automatically renewed for successive 12-month periods. All Directors are subject to re-election by shareholders at general meetings at least about once every three years on a rotation basis, in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election, and re-election of retiring Directors at general meetings is dealt with by separate resolutions. No Director has a service contract with the Company not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

## Corporate Governance Report

### Training and Commitment

Upon appointment to the Board, Directors receive a package of comprehensive orientation materials on the Group and are provided with a detailed induction to the Group's businesses by senior executives.

The Company arranges and provides Continuous Professional Development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help ensure that they are apprised of 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. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. 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 17 hours by each Director during the year:

Directors	Areas		
	Legal and Regulatory	Corporate Governance	Group's Businesses/ Directors' Duties
<b>Chairman</b>			
Li Ka-shing <sup>(1)</sup>	✓	✓	✓
Victor T K Li <sup>(2)</sup> ( <i>Group Co-Managing Director</i> )	✓	✓	✓
<b>Executive Directors</b>			
Fok Kin Ning, Canning ( <i>Group Co-Managing Director</i> )	✓	✓	✓
Frank John Sixt ( <i>Group Finance Director and Deputy Managing Director</i> )	✓	✓	✓
Ip Tak Chuen, Edmond ( <i>Deputy Managing Director</i> )	✓	✓	✓
Kam Hing Lam ( <i>Deputy Managing Director</i> )	✓	✓	✓
Lai Kai Ming, Dominic ( <i>Deputy Managing Director</i> )	✓	✓	✓
Edith Shih	✓	✓	✓
<b>Non-executive Directors</b>			
Chow Kun Chee, Roland	✓	✓	✓
Chow Woo Mo Fong, Susan	✓	✓	✓
Lee Yeh Kwong, Charles	✓	✓	✓
Leung Siu Hon	✓	✓	✓
George Colin Magnus	✓	✓	✓
<b>Independent Non-executive Directors</b>			
Kwok Tun-li, Stanley	✓	✓	✓
Cheng Hoi Chuen, Vincent	✓	✓	✓
Michael David Kadoorie	✓	✓	✓
Lee Wai Mun, Rose	✓	✓	✓
William Shurniak	✓	✓	✓
Wong Chung Hin	✓	✓	✓
Wong Yick-ming, Rosanna	✓	✓	✓
<b>Alternate Director</b>			
William Elkin Mocatta ( <i>Alternate Director to Michael David Kadoorie</i> )	✓	✓	✓

Notes:

(1) Retired as Chairman and Executive Director on 10 May 2018.

(2) Appointed as Chairman on 10 May 2018.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. 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 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. 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 2018.

## Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination 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 agendas and papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details 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 is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments of relevance to the Group and that it takes these developments into consideration when making decisions for the Group. From time to time, she 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-back, 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 report of the Company.

The Company Secretary also serves a crucial conduit of communications internally and externally. The Company Secretary conveys the Board's decisions to the Management from time to time and ensures a good channel of communication with shareholders. The Company Secretary 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 and the Group Co-Managing Directors, all members of the Board have access to the advice and service of the Company Secretary. Ms Edith Shih is the Company Secretary of the Company and 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.

## Corporate Governance Report

### 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 165 to 169 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, ensuring that the financial statements give a true and fair presentation in accordance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable accounting standards.

#### Accounting Policies

The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgments 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 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

The Audit Committee comprises four Independent Non-executive Directors who possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr Wong with Mr Kwok, Mr Cheng and Mr Shurniak as members.

The Audit Committee held four meetings in 2018 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Chung Hin ( <i>Chairman</i> )	4/4
Kwok Tun-li, Stanley	4/4
Cheng Hoi Chuen, Vincent	4/4
William Shurniak	4/4

Throughout 2018, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code.

Under its terms of reference, the Audit Committee is responsible for monitoring the integrity of the Group's preliminary interim and annual results, and interim and annual financial statements, reviewing the Group's risk management and internal control systems as well as overseeing the relationship between the Company and its external auditors. The Audit Committee is also required to develop and review the Company's policies and practices on corporate governance including compliance with statutory and Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal audit function, engage independent legal and other advisers and conduct investigations as it determines to be necessary.

The Company is committed to achieving and maintaining high standards of openness, probity and accountability. In line with this commitment, 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 any suspected impropriety, misconduct or malpractice concerning the Group. In this regard, the Company has adopted the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters, which is posted on the website of the Group.

The Audit Committee meets with the GFD/DMD and other senior management of the Group from time to time in reviewing the interim and annual results, the interim and annual reports and other financial, internal control, corporate governance and risk management matters of the Group. It considers and discusses the reports and presentations of Management, the Group's internal and external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong. It also meets at least four times a year with the Group's principal external auditor, PricewaterhouseCoopers ("PWC"), to consider their reports on the scope, strategy, progress and outcome of its independent review of the interim financial report and annual audit of the consolidated financial statements. In addition, the Audit Committee holds regular private meetings with the external auditor, GFD/DMD and internal auditor separately without the presence of Management.

The Audit Committee assists the Board in maintaining effective risk management and internal control systems. It reviews the process by which the Group evaluates its control environment and risk assessment, and the way in which significant risks are identified and managed. It receives and considers the presentations of Management in relation to the reviews on the effectiveness of the Group's risk management and internal control systems and the adequacy of resources, qualifications and experience of staff in the Group's accounting, financial reporting and internal audit functions, as well as their training programmes and budget. In addition, the Audit Committee reviews in conjunction with the Group's internal auditor the work plans for its audits together with its resource requirements and considers the reports of the Group Internal Audit to the Audit Committee on the effectiveness of risk management and internal controls in the Group's business operations. Further, it also receives the reports from the Group Legal Department on the Group's material litigation proceedings and compliance status on regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements.



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### External Auditor

The Audit Committee reviews and monitors the external auditor's independence, objectivity and effectiveness of the audit process. Each year, the Audit Committee receives a letter from the external auditor confirming its independence and objectivity. It holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendation to the Board on the appointment and retention of the 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, for example, 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, for example, 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 the Group's internal auditor 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 39 to the financial statements. For the year ended 31 December 2018, the PwC fees, amounting to HK\$201 million were primarily for audit services and those for non-audit services amounted to HK\$41 million, representing approximately 17% of the total PwC fees (audit and non-audit).

### Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2018 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The unqualified auditor's report is set out on pages 165 to 169. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2018 have also been reviewed by the Audit Committee.

## Risk Management, Internal Control and Legal & Regulatory Compliance

### Role of the Board

The Board has overall responsibility for the Group's systems of risk management, internal control and legal and regulatory compliance.

In meeting its responsibilities, the Board seeks to inculcate risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. The Board evaluates and determines the nature and extent of the risks that the Company is willing to accept in pursuit of the Group's strategic and business objectives. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include the review by Executive Directors and the Board of budgets, strategic plans, and detailed operational and financial reports as provided by business unit management, as well as review by the Audit Committee of ongoing work of the Group's internal audit and risk management functions.

On behalf of the Board, the Audit Committee also regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfilment on an ongoing basis. To assist the Audit Committee in discharging its responsibilities, a Governance Working Group chaired by the Executive Director and Company Secretary, comprising representatives from key departments of the Company, continuously provides updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for group-wide adoption. The Competition, Regulatory and Public Affairs Group reviews, assesses, escalates and where appropriate, proposes handling measures on competition, regulatory and public affairs matters affecting business units. It meets regularly with business units to monitor compliance requirements and to formulate strategy and share information and expertise across jurisdictions and businesses. It also provides regular updates to the Governance Working Group.

The Audit Committee is satisfied that the Company has complied throughout the year with all code provisions of the CG Code, other than those in respect of the separate roles of Chairman and Chief Executive, and the nomination committee as explained in this report.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

## Risk Management

The Company adopts an Enterprise Risk Management (ERM) 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 and managing 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, their plausible impact and mitigation measures. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks to the Group's businesses. 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 and assess the significant risks their business faces, 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 and provides input as and where appropriate so as to ensure effective risk management in place. Pages 78 to 84 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.

## Internal Control Environment

Executive Directors are appointed to the boards of all material operating subsidiaries and associated companies for monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and business strategies with associated risks identified and setting of key business performance targets. 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.

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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 GFD/DMD 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 and the Group's Treasury function oversees the Group's investment and lending activities. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed 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 GFD/DMD or an Executive Director prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

In terms of formal review of the Group's internal control system, an internal control self-assessment process is in place, requiring the executive management team and senior management of each core business to review, evaluate and declare the effectiveness of the controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the Risk Management Report as mentioned earlier and the independent assessments by the 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 Group Legal Department has the responsibility for safeguarding the legal interests of the Group. The 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 of legal and commercial issues of concern. In addition, the Group Legal Department 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. In addition, the Department 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. The Department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, the Group Legal Department 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.

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 Law, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 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 Group Legal Department is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group.

### Code of Conduct and Handling of Inside Information

The Group places utmost importance on the ethical, personal and professional standards of the Directors and employees of the Group. In addition to the various policies adopted and implemented by the Group imposing requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations, every employee is required to undertake to adhere to the Group's Code of Conduct, and is expected to meet the highest standards of behaviour including avoiding conflict of interest, discrimination or harassment and bribery and corruption. Employees are required to report any non-compliance with the Code of Conduct in accordance with the established reporting and escalation procedures.

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including pre-clearance on dealing in the Group's securities by designated members of Management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling of inside information within the Group.

## Internal Audit

The General Manager of the Group's internal audit function, reporting directly to the Audit Committee and also to the GFD/DMD, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. By applying risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit devises its yearly audit plan which is reviewed by the Audit Committee, and continually reassesses its plans during the year to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's risk management and internal control systems, including reviewing the continuing connected transactions of the Company (refer to page 130 of this annual report for more details), formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the GFD/DMD and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved. In addition, internal audit maintains a regular dialogue with the Group's external auditor 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 the internal audit function includes financial, IT, operations, and regulatory compliance reviews, recurring and surprise audits, fraud investigations, as well as productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Group's internal audit function and, as appropriate, to the GFD/DMD 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 2018 covering all material controls, including financial, operational and compliance controls, and is satisfied that such systems are effective and adequate. In addition, it has reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

## Remuneration of Directors and Senior Management

### Remuneration Committee

The Remuneration Committee comprises four members with expertise in human resources and personnel emoluments. The Committee is chaired by Dr Wong, an Independent Non-executive Director, with the Chairman Mr Li, Independent Non-executive Directors Mr Cheng and Mr Wong, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The 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 2018 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna ( <i>Chairman</i> )	1/1
Li Ka-shing <sup>(1)</sup>	N/A
Victor T K Li <sup>(2)</sup>	1/1
Cheng Hoi Chuen, Vincent	1/1
Wong Chung Hin	1/1

Notes:

(1) Ceased to be a member on 10 May 2018.

(2) Appointed as a member on 10 May 2018.

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.

## Corporate Governance Report

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 2019 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Committee reviewed and approved the year end bonus and 2019 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Group. Executive Directors do not participate in the determination of their own remuneration.

### 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.

### 2018 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 2018 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
LI Ka-shing <sup>(1)</sup>	-	-	-	-	-	-
Victor T K LI <sup>(3)</sup>						
<i>Paid by the Company</i>	0.26	4.89	73.87	-	-	79.02
<i>Paid by CK Infrastructure Holdings Limited ("CKI")</i>	0.08	-	33.24	-	-	33.32
	0.34	4.89	107.11	-	-	112.34
FOK Kin Ning, Canning <sup>(2)</sup>	0.22	11.53	213.50	1.04	-	226.29
Frank John SIXT <sup>(2)</sup>	0.22	8.54	62.55	0.75	-	72.06
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.62	10.68	-	-	12.52
<i>Paid by CKI</i>	0.08	1.80	11.70	-	-	13.58
	0.30	3.42	22.38	-	-	26.10
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.42	10.17	-	-	12.81
<i>Paid by CKI</i>	0.08	4.20	11.70	-	-	15.98
	0.30	6.62	21.87	-	-	28.79
LAI Kai Ming, Dominic <sup>(2)</sup>	0.22	5.85	62.00	0.84	-	68.91
Edith SHIH <sup>(2)</sup>	0.22	4.33	18.51	0.32	-	23.38
CHOW Kun Chee, Roland <sup>(4)</sup>	0.22	-	-	-	-	0.22
CHOW WOO Mo Fong, Susan <sup>(4)</sup>	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles <sup>(4)</sup>	0.22	-	-	-	-	0.22
LEUNG Siu Hon <sup>(4)</sup>	0.22	-	-	-	-	0.22
George Colin MAGNUS <sup>(4)</sup>						
<i>Paid by the Company</i>	0.22	-	-	-	-	0.22
<i>Paid by CKI</i>	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30

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
KWOK Tun-li, Stanley <sup>(5) (6)</sup>	0.35	-	-	-	-	0.35
CHENG Hoi Chuen, Vincent <sup>(5) (6) (7)</sup>	0.41	-	-	-	-	0.41
Michael David KADOORIE <sup>(5)</sup>	0.22	-	-	-	-	0.22
LEE Wai Mun, Rose <sup>(5)</sup>	0.22	-	-	-	-	0.22
William SHURNIAK <sup>(5) (6)</sup>	0.35	-	-	-	-	0.35
WONG Chung Hin <sup>(5) (6) (7)</sup>	0.41	-	-	-	-	0.41
WONG Yick-ming, Rosanna <sup>(5) (7)</sup>	0.28	-	-	-	-	0.28
<b>Total:</b>	<b>5.24</b>	<b>45.18</b>	<b>507.92</b>	<b>2.95</b>	<b>-</b>	<b>561.29</b>

Notes:

- (1) Retired as Chairman, Executive Director and member of the Remuneration Committee on 10 May 2018. No remuneration was paid to Mr Li Ka-shing during the year other than director's fees of HK\$1,781 (2017 - HK\$5,000). The amount of Director's fees shown above is a result of rounding.
- (2) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as directors that have been paid to the Company are not included in the amounts above.
- (3) Appointed as member of the Remuneration Committee on 10 May 2018.
- (4) Non-executive Director.
- (5) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.24 million (2017 - HK\$2.24 million).
- (6) Member of the Audit Committee.
- (7) Member of the Remuneration Committee.

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

Remuneration Bands*	Number of Individuals
HK\$15 million to HK\$19 million	3
HK\$20 million to HK\$24 million	1
HK\$25 million to HK\$29 million	2
HK\$65 million to HK\$70 million	1

\* Rounding to the nearest million.

### Nomination of Directors

#### Nomination Committee

The Company established the Nomination Committee on 1 January 2019 which comprises all Directors and is chaired by the Chairman of the Board. Its composition deviates from code provision A.5.1 which requires the Nomination Committee to comprise a majority of Independent Non-executive Directors. The Board is of the view that the ultimate responsibility for the selection, nomination and appointment of Directors rests with the Board as a whole and it is in the best interests of the Company that the Board collectively reviews, determines and approves the structure, size and composition of the Board as well as the succession plan for Directors, as and when appropriate. A sub-committee, chaired by the Chairman and comprising members in compliance with the code provision requirement under the Listing Rules for a nomination committee, will be established as and when required to facilitate the Nomination Committee in the conduct of the selection and nomination process, and will be dissolved after the purpose for which it is established is achieved or discontinued.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of the Board against its needs and make recommendations on the composition of the Board to achieve the Group corporate strategy as well as promote shareholder value. It facilitates the Board in the conduct of the selection and nomination of Directors, makes recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. It also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules.

Before the establishment of the Nomination Committee, the Board was tasked with ensuring that it has 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. During year 2018, the Board as a whole reviewed the succession plan for Directors (including the former Chairman of the Board) and made recommendations on re-appointment of retiring Directors. It has also assessed the independence of all the Independent Non-executive Directors and considered all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the day-to-day management of the Company and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgment.

The Board has adopted a Board diversity policy which recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.

Board appointment has been, and will continue to be, made based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Board may consider relevant from time to time towards achieving a diversified Board.

The Board diversity policy is available on the website of the Group. The Board reviews and monitors from time to time the implementation of the policy to ensure its continued effectiveness.

In March 2019, the Nomination Committee reviewed the structure, size and composition (including the skills set, knowledge and experience) of the Board, and performed an assessment on the independence of all the Independent Non-executive Directors with the conclusion that all of them are independent. It also established a sub-committee comprising the Chairman of the Board and two Independent Non-executive Directors, Mr Wong and Dr Wong which reviewed and recommended to the Board on the re-election of retiring Directors at the 2019 annual general meeting.

#### Director Nomination Policy

The Board has formalised the Company's existing approach and procedures and adopted a Director nomination policy on 1 January 2019 to ensure that, with the support of the newly established Nomination Committee and its sub-committee, proper selection and nomination processes are in place for the appointment of additional and replacement Directors and re-election of Directors.

As noted above, the Nomination Committee will, on an ad hoc basis, establish a sub-committee with members from the Nomination Committee who possess the relevant expertise as it considers appropriate, when the need to select, nominate or re-elect Directors arises. In the determination of the suitability of a candidate, the sub-committee will consider the potential contributions a candidate can bring to the Board in terms of skills set, experience, expertise, independence, age, culture, ethnicity, gender and such other factors that it may consider appropriate for a position on the Board. The sub-committee will provide updated information and status of progress to the Nomination Committee/Board throughout the determination process as and when appropriate. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates.

If the Board determines that an additional or replacement Director is required, the relevant sub-committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the relevant sub-committee will consider and, if appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Group.

The Director Nomination Policy is available on the website of the Group. The Board will from time to time review the Director Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

## Relationship with Shareholders and Other Stakeholders

The Group actively promotes investor relations and communication with the investment community throughout the year. The Group is committed to enhancing investor engagement and communications. Through its Executive Directors, the Group Corporate Affairs Department, Group Investor Relations Department and the Corporate Secretarial Department, the Group responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations. In 2018, about 300 meetings were held with institutional investors and analysts. The policy on shareholders' communication, which is available on the Group's website, was adopted and is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing 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 are published on the websites of the Group and HKEX. Moreover, additional information on the Group is also available to shareholders and stakeholders through the Investor Relations page on the Group's website.

The Board formalised and adopted a dividend policy for the Company which took effect from 1 January 2019. The Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 73 of 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 statutory 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 request 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 Group'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 is made available to the shareholders and stakeholders on the Group's website.

The latest shareholders' meeting of the Company was the 2018 AGM which was held on 10 May 2018 at Harbour Grand Kowloon. The 2018 AGM was attended by PwC and all of the Directors, including the respective chairman of the Board, Audit Committee and the Remuneration Committee with 100% attendance. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from so doing.



## Corporate Governance Report

Separate resolutions were proposed at the 2018 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 10 May 2018 are set out below:

Resolutions proposed at the 2018 AGM	Percentage of Votes
1 Adoption of the audited Financial Statements, the Reports of the Directors and the Independent Auditor for the year ended 31 December 2017	99.97%
2 Declaration of a final dividend	99.99%
3(a) Re-election of Mr Fok Kin Ning, Canning as a Director	92.83%
3(b) Re-election of Mr Ip Tak Chuen, Edmond as a Director	69.70%
3(c) Re-election of Mr Lai Kai Ming, Dominic as a Director	70.13%
3(d) Re-election of Mr Lee Yeh Kwong, Charles as a Director	90.96%
3(e) Re-election of Mr Leung Siu Hon as a Director	90.37%
3(f) Re-election of Mr Kwok Tun-li, Stanley as a Director	94.96%
3(g) Re-election of Dr Wong Yick-ming, Rosanna as a Director	95.29%
4 Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.63%
5(1) Granting of a general mandate to Directors to issue additional shares of the Company	65.89%
5(2) Approval of the repurchase by the Company of its own shares	99.97%
5(3) Extension of the general mandate regarding issue of additional shares of the Company	60.75%

Accordingly, all resolutions put to shareholders at the 2018 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 2019 and public float capitalisation as at 31 December 2018.

The Group values feedback from shareholders 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 Group Investor Relations or the Company Secretary by mail to 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or by email at [ir@ckh.com.hk](mailto:ir@ckh.com.hk).

## Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Executive Director and Company Secretary comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and continually enhance the Group's ESG efforts. The "Environmental, Social and Governance Report" of the Group is set out on pages 85 to 105 of this annual report.

By order of the Board

**Edith Shih**

*Executive Director and Company Secretary*

Hong Kong, 21 March 2019