

---

# REPORT OF THE DIRECTORS

---

The Directors are pleased to present shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2015.

## PRINCIPAL ACTIVITIES

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

## BUSINESS REVIEW

A fair review of the Group's business, and an indication of likely future development in the Group's business are provided in the Business Review, Chairman's Letter and Group Managing Director's Report on pages 26 to 51, pages 10 to 15 and pages 16 to 20 of this Annual Report respectively. An analysis of the Group's performance using financial key performance indicators is set out in the Ten-year Financial Summary on pages 8 to 9 and Financial Review on pages 52 to 53. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 180 to 184. In addition, more details regarding particulars of important events affecting the Group that have occurred since the end of the year 2015, if any, are set out in the Chairman's Letter on pages 10 to 15 and in Note 40 to the Consolidated Financial Statements on page 148. The above discussions form part of the Report of the Directors.

The Group maintains high awareness of its responsibility to the environment. The Group has established operating procedures which seek to ensure full compliance with regulations regarding sustainable waste minimisation and environmental management and protection. The Group works proactively with environmental authorities and agencies to improve practices and policies to minimise the environmental impact of its operations. The Group measures its carbon footprint and adopts ISO standard(s) for environmental management. The Group also puts in place environmental code of conduct and policy and complies with applicable laws in relation to occupational health and safety at work.

Many of the Group's businesses and investments in relation to energy, transportation, water, waste management and infrastructure in different parts of the world are subject to local legislations and regulations including, for instance, Gas Act 1986 (and associated regulations in the United Kingdom), Electricity Safety, Quality and Continuity Regulations in the United Kingdom, National Gas Law in Australia and Canadian Environmental Protection Act 1999 in Canada. The Group is required to work within the ambit of its operating licence(s) in the jurisdictions where it operates and ensures that its local operations comply with relevant laws and regulations that have significant impact on the operation(s) through engaging external advisors, performing regular audits, completing regular internal compliance reports and putting in place regulatory compliance guideline.

To align the Group's businesses and practices with the needs of the local community where it operates, the Group engages with its customers, employees, and suppliers for advice, guidance and constructive feedback. Surveys conducted by the Group and industry regulator indicated that the Group performed well in customers' satisfaction. Customers' satisfaction has also been measured by the Group's response timeframes to general and emergency calls, minimising the number of substantial customers' complaints and the time taken to connect new customers to services. The Group also began developing a sustainable procurement action plan to incorporate environmental risk assessment processes and environmental criteria into supplier contracts. It has established key performance indicators and holds regular meetings with its major contractors to monitor performance and take corrective actions where required. The Group's investment in employee training and development has endeavoured to build its skill inventory pool to achieve its business goals. The Group has received awards which recognise its outstanding achievements in manpower training and development. Staff engagement is also managed through uniform and on-going employee survey process.

### RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2015 are set out in the Consolidated Income Statement on page 84.

The Directors recommend the payment of a final dividend of HK\$1.55 per share which, together with the interim dividend of HK\$0.6 per share paid on 4th September, 2015, makes the total dividend of HK\$2.15 per share for the year.

### GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last ten years are summarised on pages 8 to 9.

### DIRECTORS

The Directors of the Company in office at the date of this report are listed on page 194 and their biographical information is set out on pages 54 to 61.

Mr. Tso Kai Sum had retired as a Non-executive Director of the Company with effect from the close of the annual general meeting of the Company held on 14th May, 2015.

In accordance with the Company's Bye-laws, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Accordingly, Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mrs. Chow Woo Mo Fong, Susan, Mr. Frank John Sixt, Mrs. Kwok Eva Lee and Mrs. Lee Pui Ling, Angelina will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

### ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed under the section headed "Continuing Connected Transactions", no transactions, arrangements or contracts of significance to which the Company, its parent company, subsidiary or fellow subsidiary was a party and in which a Director or an entity connected with a Director has a material interest was entered into or subsisted at any time during the year.

### DIRECTORS' SERVICE CONTRACTS

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

## PERMITTED INDEMNITY PROVISION

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

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

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

### (1) Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	5,428,000 (Note 1)	5,428,000	0.21%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.003%
CK Hutchison Holdings Limited	Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	2,572,350 (Note 3)	1,094,244,254 (Note 2)	1,097,441,804	28.43%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	-	-	108,400	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,111,438 (Note 7)	-	4,111,438	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	-	-	-	129,960	0.003%
	Frank John Sixt	Beneficial owner	136,800	-	-	-	136,800	0.003%
	Lan Hong Tsung, David	Beneficial owner	13,680	-	-	-	13,680	0.0003%
	Lee Pui Ling, Angelina	Beneficial owner	111,334	-	-	-	111,334	0.002%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	83,360	16,771	-	833,868 (Note 8)	933,999	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 9)	11,895 (Note 9)	-	-	11,895	0.0003%

## REPORT OF THE DIRECTORS

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

#### (1) Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares / Share Stapled Units				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Power Assets Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse	-	151,000	-	-	151,000	0.007%
	Kam Hing Lam	Interest of child or spouse	-	100,000	-	-	100,000	0.004%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	-	-	-	8,800	0.0004%
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	7,870,000 (Note 5)	-	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	-	1,025,000	-	-	1,025,000	0.01%
	Ip Tak Chuen, Edmond	Beneficial owner	500,000	-	-	-	500,000	0.005%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	2,000,000 (Note 7)	-	2,000,000	0.02%
	Lee Pui Ling, Angelina	Beneficial owner	2,000	-	-	-	2,000	0.00002%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	-	1,000,000 (Note 7)	-	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	-	-	-	1,000,000	0.007%
Hutchison Telecommunications Hong Kong Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	-	192,000	2,519,250 (Note 4)	153,280 (Note 6)	2,864,530	0.05%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 7)	-	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	-	-	-	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	-	-	13,333	0.0003%

#### (2) Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications Hong Kong Holdings Limited	Frank John Sixt	Beneficial owner	255,000 (Note 11)	-	-	-	255,000

### (3) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 7.45% Notes due 2017 (Note 10)	US\$100,000 7.45% Notes due 2017 (Note 10)	–	–	US\$100,000 7.45% Notes due 2017
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$45,792,000 7.625% Notes due 2019 (Note 4)	–	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 5.75% Notes due 2019 (Note 7)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities

#### Notes:

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

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

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

- The 1,094,244,254 shares in CK Hutchison Holdings Limited (“CK Hutchison”) comprise:
  - 1,001,953,744 shares held by TUT1 as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT1 related companies”). By virtue of being a director of the Company and a discretionary beneficiary of each of DT1 and DT2 as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of CK Hutchison held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

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

Notes (Cont'd):

- (b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). The discretionary beneficiaries of each of the two discretionary trusts ("DT3" and "DT4") are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

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

By virtue of the above and as a director of the Company and a discretionary beneficiary of each of DT3 and DT4, Mr. Li Tzar Kuoi, Victor is also taken to have a duty of disclosure in relation to the said 7,863,264 shares of CK Hutchison held by TUT3 as trustee of UT3 under the SFO.

- (c) 84,427,246 shares held by a company controlled by Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3.
3. The 2,572,350 shares in CK Hutchison comprise:
- (a) 2,272,350 shares held by certain companies in which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (b) 300,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
4. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
5. The 7,870,000 share stapled units in HK Electric Investments and HK Electric Investments Limited comprise:
- (a) 2,700,000 share stapled units held by a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOFF"). By virtue of the terms of the constituent documents of LKSOFF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOFF.
- (b) 5,170,000 share stapled units held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
6. 153,280 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") are held by TUT3 as trustee of UT3. By virtue of being a director of the Company and discretionary beneficiary of each of DT3 and DT4 as described in Note 2(b) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said 153,280 shares of HTHK held by TUT3 as trustee of UT3 under the SFO.
7. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
8. Such interests comprise 184,000 shares held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary and 649,868 shares indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.

9. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife and the remaining 2,000 shares are held by his wife.
10. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
11. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHK beneficially owned by Mr. Frank John Sixt.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2015, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2015, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### 1. Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	1,906,681,945	75.67%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Hutchison Global Investments Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note iv)	1,906,681,945	75.67%

### 2. Long Positions of Other Persons in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
The Capital Group Companies, Inc.	Interest of controlled corporations	202,314,467	202,314,467	8.03%

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (CONT'D)

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of Hutchison Whampoa Limited (“HWL”). Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. Cheung Kong (Holdings) Limited (“CKH”) and CK Hutchison Global Investments Limited (“CK Global”) are deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH and CK Global hold more than one-third of the issued share capital of HWL.
- iv. CK Hutchison is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note iii above as CK Hutchison holds more than one-third of the issued share capital of CKH and CK Global.

Save as disclosed above, as at 31st December, 2015, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions of the Company (“Continuing Connected Transactions”) under the Listing Rules during the financial year ended 31st December, 2015:

On 29th August, 2014, the Company entered into two tenancy agreements (the “Tenancy Agreements”) to renew the previous tenancy agreements with Turbo Top Limited (“Turbo Top”), which was a wholly-owned subsidiary of Hutchison Whampoa Limited, a substantial shareholder of the Company and has, since 3rd June, 2015, become a wholly-owned subsidiary of Cheung Kong Property Holdings Limited (being also a connected person of the Company as a result of the exercise of the deeming power by the Stock Exchange under Rule 14A.19 of the Listing Rules) pursuant to Cheung Kong Group restructuring, in respect of the lease of Office Unit 1202 on 12th Floor and Office Unit 1903 on 19th Floor of Cheung Kong Center, 2 Queen’s Road Central, Hong Kong with a total lettable floor area of approximately 13,390 square feet as the principal business office of the Group in Hong Kong. The term for each of the Tenancy Agreements is for a period of three years commencing from 1st September, 2014 to 31st August, 2017, at a total monthly rental of HK\$1,439,425, exclusive of Government rates and other charges. The aggregate rent and service charges payable under the Tenancy Agreements are subject to the annual caps of HK\$5,000,000 for the period from 1st September, 2014 to 31st December, 2014, HK\$20,000,000 for the year ended 31st December, 2015, HK\$20,000,000 for the year ending 31st December, 2016, and HK\$14,000,000 for the period from 1st January, 2017 to 31st August, 2017 taking into account of the possible adjustment on the total monthly service charges of HK\$141,934. During the year 2015, HK\$19,072,716 has been paid/payable by the Company to Turbo Top pursuant to the Tenancy Agreements.

An announcement in respect of the above transaction was published on 29th August, 2014 in accordance with the Listing Rules.

---

The Continuing Connected Transactions have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that for the year 2015 the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report the Continuing Connected Transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board of Directors and confirmed that for the year 2015 nothing has come to their attention that causes them to believe that the Continuing Connected Transactions (i) have not been approved by the Board of Directors of the Company; and (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iii) have exceeded the cap.

## **MAJOR CUSTOMERS AND SUPPLIERS**

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

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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

### **(a) Core Business Activities of the Group**

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

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

#### (b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Group Co-Managing Director and Deputy Chairman *	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Director #	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Non-executive Director	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited CK Life Sciences Int'l., (Holdings) Inc.	Non-executive Director and Deputy Chairman Chairman	(1) & (5) (6)
Kam Hing Lam	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Deputy Managing Director	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Director #	(1), (3), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(6)
Ip Tak Chuen, Edmond	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Deputy Managing Director	(1), (2), (3), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(6)
	TOM Group Limited	Non-executive Director	(5) & (6)
	AVIC International Holding (HK) Limited	Non-executive Director ^	(5) & (6)
	Shougang Concord International Enterprises Company Limited ARA Asset Management Limited	Non-executive Director Non-executive Director	(5) & (6) (5) & (6)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Group Co-Managing Director **	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Director #	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Chairman	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (5)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman and Alternate Director	(5)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
Chan Loi Shun	Power Assets Holdings Limited HK Electric Investments and HK Electric Investments Limited	Executive Director Executive Director	(1), (5) & (6) (1) & (5)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited	Group Deputy Managing Director <sup>#</sup>	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Director <sup>#</sup>	(1), (3), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (5)
	TOM Group Limited	Alternate Director	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)
Frank John Sixt	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Group Finance Director and Deputy Managing Director <sup>^^</sup>	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Director <sup>#</sup>	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Non-executive Director	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director <sup>***</sup>	(1) & (5)
	TOM Group Limited	Non-executive Chairman	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(5) & (6)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (5)
George Colin Magnus	CK Hutchison Holdings Limited <i>(listed on The Stock Exchange of Hong Kong Limited and replaced the listing status of Cheung Kong (Holdings) Limited since 18th March, 2015)</i>	Non-executive Director	(1), (2), (3), (5) & (6)
	Hutchison Whampoa Limited <i>(privatised by way of a scheme of arrangement on 3rd June, 2015)</i>	Non-executive Director <sup>###</sup>	(1), (3), (5) & (6)

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

\* With effect from 3rd June, 2015, Mr. Li Tzar Kuoi, Victor has been re-designated as Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited.

# With effect from 8th June, 2015, Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan and Mr. Frank John Sixt have been re-designated as Directors of Hutchison Whampoa Limited.

^ With effect from 23rd June, 2015, Mr. Ip Tak Chuen, Edmond has resigned as a Non-executive Director of AVIC International Holding (HK) Limited.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

#### (b) Interests in Competing Business (Cont'd)

- \*\* With effect from 3rd June, 2015, Mr. Fok Kin Ning, Canning has been re-designated as Group Co-Managing Director of CK Hutchison Holdings Limited.
- ## With effect from 3rd June, 2015, Mrs. Chow Woo Mo Fong, Susan has been appointed as the Group Deputy Managing Director of CK Hutchison Holdings Limited.
- ^^ With effect from 3rd June, 2015, Mr. Frank John Sixt has been re-designated as Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited.
- \*\*\* With effect from 9th June, 2015, Mr. Frank John Sixt has been appointed as an Alternate Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited.
- ### With effect from 8th June, 2015, Mr. George Colin Magnus has resigned as a Non-executive Director of Hutchison Whampoa Limited.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws of Bermuda.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st December, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### PLACING AND SUBSCRIPTION OF SHARES

On 21st January, 2015, Hutchison Infrastructure Holdings Limited ("HIHL"), a wholly-owned subsidiary of Hutchison Whampoa Limited and a controlling shareholder of the Company, the Company, Deutsche Bank AG, Hong Kong Branch ("Deutsche Bank"), J.P. Morgan Securities (Asia Pacific) Limited ("J.P. Morgan") and Morgan Stanley & Co. International plc ("Morgan Stanley") as the joint placing agents entered into a Placing and Subscription Agreement pursuant to which (i) the joint placing agents have severally agreed to place, on a fully underwritten basis, and HIHL has agreed to sell in aggregate 80,000,000 shares of the Company at a price of HK\$58.00 per placing share ("Placing Price") (Deutsche Bank, J.P. Morgan and Morgan Stanley have each severally agreed to place 26,666,667 shares, 26,666,667 shares and 26,666,666 shares, respectively); and (ii) HIHL has conditionally agreed to subscribe for 80,000,000 new ordinary shares of HK\$1.00 each in the share capital of the Company ("Subscription Shares") equivalent to the number of the placing shares. The closing price of the Company's shares on 20th January, 2015 (being the last trading day for the shares prior to the date of such announcement) was HK\$60.70 and the net price to the Company for each Subscription Share was approximately HK\$57.50. On 30th January, 2015, the Company allotted and issued the Subscription Shares to HIHL at the Placing Price (less the costs and expenses incurred by the Company and HIHL in connection with the above-mentioned placing and subscription). The Company has applied the net proceeds for general funding purpose.

---

On 22nd February, 2016, the Company and OVPH Limited (“OVPH”) had entered into the Share Subscription Agreement under which OVPH had agreed to subscribe as principal for, and the Company had agreed to issue 131,065,097 new ordinary shares of HK\$1.00 each in the share capital of the Company (the “New Shares”) for a consideration of US\$1,200 million (equivalent to approximately HK\$9,323 million) at the subscription price of the U.S. dollar equivalent of approximately HK\$71.1302 per share (the “Issue Price”) based on a fixed exchange rate. The average closing price of the Company’s shares on the then last ten consecutive trading days was HK\$75.27 and the net price to the Company for each New Share was approximately HK\$70.5374. On 2nd March, 2016, the Company allotted and issued the New Shares to OVPH at the Issue Price. The Company has applied the gross proceeds for the Company’s general corporate purposes including the funding of the redemption of the US\$1,000,000,000 6.625% guaranteed perpetual capital securities issued by PHBS Limited, an indirect wholly owned subsidiary of the Company.

## **EQUITY-LINKED AGREEMENTS**

For the year ended 31st December, 2015, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31st December, 2015.

## **MANAGEMENT CONTRACTS**

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

## **PUBLIC FLOAT**

As announced by the Company on 8th January, 1997 and 17th February, 1997, the Stock Exchange granted a waiver from strict compliance with Rule 8.08 of the Listing Rules to the Company on 9th January, 1997 subject to approximately not less than 15.2 per cent of the issued share capital of the Company being held in public hands. Based on information available and within the knowledge of the Directors, the obligation has been complied with.

## **DONATIONS**

Donations made by the Group during the year amounted to HK\$2,540,000.

## REPORT OF THE DIRECTORS

### DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rules 13.21 and 13.22 of Chapter 13 of the Listing Rules:

As at 31st December, 2015, the Group's financial assistance to certain affiliated companies exceeded the assets ratio of 8 per cent. A combined statement of financial position of the affiliated companies as at 31st December, 2015 is set out below:

HK\$ million	
Non-current assets	414,574
Current assets	22,928
Current liabilities	(38,122)
Non-current liabilities	(308,670)
Net assets	90,710
Share capital	36,143
Reserves	54,530
Non-controlling interests	37
Total equity	90,710

As at 31st December, 2015, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$60,885 million.

### AUDIT COMMITTEE

The Group's Annual Report for the year ended 31st December, 2015 has been reviewed by the audit committee of the Company ("Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 168 to 170.

### AUDITOR

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who retire and offer themselves for re-appointment at the 2016 annual general meeting.

On behalf of the Board

**LI TZAR KUOI, VICTOR**

Chairman

Hong Kong, 16th March, 2016