

# 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, 2022.

## 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, Continental Europe, Australia, New Zealand, Canada and the United States.

## 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 24 to 55, pages 6 to 11 and pages 12 to 18 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 page 5 and Financial Review on pages 56 to 57. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 185 to 192. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2022, if any, are set out in the Chairman's Letter on pages 6 to 11. The above discussions form part of the Report of the Directors.

As a core participant in the energy sector, the Group understands that utilities play a key role in achieving the net zero target adopted by many governments which are parties to the Paris Agreement. At the same time, the regulatory requirements and stakeholder interest in these topics have increased significantly and will continue to grow. Governments in countries where we operate made strong commitments to combat climate change and set net zero targets by the coming few decades. Many businesses within our group have made net zero commitments that match or in advance of their governments' agenda. For the first time ever, we present the Group's Low Carbon Transition Plan in our Sustainability Report this year. We set a group-level carbon reduction target of 50% for scope 1 and 2 emission by 2035 compared to 2020 level, and committed to the pursuit of net zero by 2050. In support of our carbon emissions targets, we are focused on emissions reductions that encompass decarbonisation of the generation portfolio, modernisation and digitalisation of electricity networks, blending of hydrogen into existing gas distribution networks, and helping customers with energy efficiency.

Also, as an effort of building trust with our stakeholders, we are enhancing the transparency of our reporting by preparing for the adoption of Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The preparation for reporting on risks and opportunities induced by climate change, climate-related policies and technological advancement will provide a chance to review existing management systems, better the climate resilience and adaptiveness of our operations.

## REPORT OF THE DIRECTORS

### BUSINESS REVIEW (CONT'D)

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 laws and legislations including, for instance, Gas Act 1986 (and associated regulations) and Electricity Safety, Quality and Continuity Regulations in the United Kingdom; National Gas Law and Rules, Gas Distribution System Code and National Electricity (Victoria) Act 2005 in Australia; European Union Energy Efficiency Directive in Europe; Consumer Protection Act, 2002 (Ontario) and Canadian Environmental Protection Act 1999 in Canada. Each of such businesses 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 performing regular audits, completing regular internal compliance reports and putting in place regulatory compliance guidelines and procedures.

The Group endeavours to communicate openly and transparently with its key stakeholders including its employees, customers and suppliers to gather their views on the issues that concern them the most. The Group uses stakeholders' input to understand the shifting market needs, which in turn helps to inform the Group's decision making in relation to its practices, initiatives and disclosures.

The Group understands the importance of committing to a just transition towards a more sustainable future. The Group strives to support this concept which recognises that the transition to a green economy is not only environmentally sustainable but also socially sustainable. Together with our decarbonisation journey, we continue to enhance the social well-being of our employees and communities through this transition via different initiatives to respect human rights alongside our entire value chain and improve their quality of life. For instance, NGN is working collaboratively with the gas networks of the UK via the "Gas Goes Green" initiative to demonstrate the environmental, social and economic opportunities of converting the UK's natural gas networks to transport 100% hydrogen. Consideration of the employment opportunities of a hydrogen future is included in the work stream with the potential to create 221,000 jobs in the UK in 2050 via the hydrogen economy identified.

The Group's top priority is the safety of our customers. We take various measures to regularly update our customers on the information relating to the health, safety, and environmental hazards and risks associated with our products and services. For example, our business units' websites are frequently updated with important and relevant information. Furthermore, emergency plans are designed to incorporate best practices with regard to safety management, and hotlines are provided to our customers to report in case of an emergency.

The Group is well aware of the environmental and social impacts that may ensue along the supply chain and is committed to minimising such risks in the collaborations with suppliers. ESG-related factors form an important part of the assessment process and have a due weighting in our consideration of potential suppliers and contractors. We carry out regular monitoring, audits and evaluations to assess the performance of our suppliers. Our business units have developed a number of approaches to ensure the implementation of the monitoring systems, and almost all suppliers will be involved in the assessment.

Details of the discussion of the Group's environmental policies and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's relationships with the key stakeholders are set out in the Sustainability Report, which has been published on the website of the Stock Exchange and the Company's website at [www.cki.com.hk](http://www.cki.com.hk) for inspection and download.

## RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2022 are set out in the Consolidated Income Statement on page 91.

The Directors recommend the payment of a final dividend of HK\$1.83 per share which, together with the interim dividend of HK\$0.70 per share paid on 15th September, 2022, makes the total dividend of HK\$2.53 per share for the year.

## GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last ten years are summarised on page 5.

## DIRECTORS

The Directors of the Company in office at the date of this Annual Report are listed on page 202 and their biographical information is set out on pages 58 to 65.

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. Victor T K Li, Mr. Fok Kin Ning, Canning, Ms. Chen Tsien Hua, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Paul Joseph Tighe 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 ("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 for otherwise disclosed under the section headed "Connected Transaction", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a specified undertaking of the Company was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2022 and as at the date of this Annual Report.

## 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).

## REPORT OF THE DIRECTORS

### PERMITTED INDEMNITY PROVISION

The Company's Bye-laws and the Bermuda Companies Act provide 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 the Directors concerned, or any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given against him or in which he is convicted. 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, 2022, 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 ("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 ("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				Approximate % of Shareholding	
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	–	227,000	–	5,428,000 (Note 1)	5,655,000	0.22%
	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	3,523,850 (Note 3)	1,161,272,710 (Note 2)	1,165,421,760	30.42%
	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	–	–	6,011,438 (Note 9)	–	6,011,438	0.15%
	Frank John Sixt	Beneficial owner	166,800	–	–	–	166,800	0.004%
	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	85,361	16,771	–	833,868 (Note 10)	936,000	0.02%

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		
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	–	–	–	129,960	0.003%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 11)	11,895 (Note 11)	–	–	11,895	0.0003%
Power Assets Holdings Limited	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 corporations & beneficiary of trust	–	–	5,170,000 (Note 5)	2,700,000 (Note 6)	7,870,000	0.08%
	Kam Hing Lam	Interest of child or spouse	–	1,025,000	–	–	1,025,000	0.01%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	2,000,000 (Note 9)	–	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 9)	–	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	353,047,203 (Note 7)	398,826 (Note 8)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 9)	–	1,202,380	0.024%
	Frank John Sixt	Beneficial owner	255,000	–	–	–	255,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0002%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	–	–	–	250,000	0.005%

## (2) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Cheung Kong Infrastructure Finance (BVI) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$10,000,000 4.2% Guaranteed Perpetual Capital Securities (Note 4)	–	US\$10,000,000 4.2% Guaranteed Perpetual Capital Securities

## REPORT OF THE DIRECTORS

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

Notes:

1. 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.

2. The 1,161,272,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:
  - (a) 1,004,457,744 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.
  - (b) 72,387,720 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") together with certain companies which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT3 related companies"). 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 72,387,720 shares of CK Hutchison held by TUT3 as trustee of UT3 and TUT3 related companies 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 3,523,850 shares in CK Hutchison comprise:
  - (a) 3,223,850 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 a company 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 its general meetings.
5. The 5,170,000 share stapled units in HK Electric Investments and HK Electric Investments Limited ("HKEI") are 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. The 2,700,000 share stapled units in HKEI are held by TUT1 as trustee of UT1. 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 2,700,000 shares stapled units of HKEI held by TUT1 as trustee of UT1 under the SFO.
7. The 353,047,203 shares in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHK") comprise:
  - (a) 2,519,250 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) 350,527,953 shares 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.
8. The 398,826 shares in HTHK comprise:
  - (a) 153,280 shares held by TUT3 as trustee of UT3. By virtue of being a director of the Company and a 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.
  - (b) 245,546 shares held by TUT1 as trustee of UT1. 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 245,546 shares of HTHK held by TUT1 as trustee of UT1 under the SFO.
9. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
10. 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.
11. Such 9,895 shares are jointly held by Mr. Man Ka Keung, Simon and his wife, the remaining 2,000 shares are held by his wife.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2022, 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.



## REPORT OF THE DIRECTORS

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2022, 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:

#### 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	1,906,681,945	75.67%
Aspire Rich Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
Robust Faith Limited	Interest of controlled corporation	1,906,681,945 (Note i)	1,906,681,945	75.67%
CK Hutchison Capital Securities (2) Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	75.67%
CK Hutchison Capital Securities (3) 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 iv)	1,906,681,945	75.67%
CK Hutchison Holdings Limited	Interest of controlled corporations	1,906,681,945 (Note v)	1,906,681,945	75.67%

Notes:

- This represents the same block of shares in the Company as shown against the name of Hutchison Infrastructure Holdings Limited ("HIHL") above. Since HIHL is equally controlled by Aspire Rich Limited ("Aspire Rich") and Robust Faith Limited ("Robust Faith"), each of Aspire Rich and Robust Faith is deemed to be interested in the same number of shares in which HIHL is interested under the SFO.
- As Aspire Rich is wholly-owned by CK Hutchison Capital Securities (2) Limited ("CK 2"), CK 2 is deemed to be interested in the same number of shares in which Aspire Rich is deemed to be interested under the SFO.
- As Robust Faith is wholly-owned by CK Hutchison Capital Securities (3) Limited ("CK 3"), CK 3 is deemed to be interested in the same number of shares in which Robust Faith is deemed to be interested under the SFO.
- As CK 2 and CK 3 are wholly-owned by CK Hutchison Global Investments Limited ("CK Global"), CK Global is deemed to be interested in the same number of shares in which CK 2 and CK 3 are deemed to be interested under the SFO.
- As CK Global is wholly-owned by CK Hutchison Holdings Limited ("CK Hutchison"), CK Hutchison is deemed to be interested in the same number of shares in which CK Global is deemed to be interested under the SFO.



Save as disclosed above, as at 31st December, 2022, 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.

## CONNECTED TRANSACTION

On 14th July, 2022, Mara Development Inc. (“Mara”), an indirect wholly-owned subsidiary of CK Asset Holdings Limited (“CKA”), CKI UK Co 5 Limited (“CKI 5”), an indirect wholly-owned subsidiary of the Company, Brockhill Investments Corporation (“Brockhill”) (collectively, the “Sellers”) and Nimbus UK Bidco Limited (the “Purchaser”) entered into a share purchase agreement (“Share Purchase Agreement”) in relation to the acquisition of 25% of each of the fully diluted ordinary share capital of Northumbrian Water Group Limited (“NWG”) and Northumbrian Services Limited (“NSL”) by the Purchaser from the Sellers (“KKR Investment”). The KKR Investment completed on 22nd December, 2022 at an aggregate consideration of approximately GBP872 million (equivalent to approximately HK\$8 billion).

Upon the completion of the KKR Investment, the issued share capital of each of NWG and NSL would be owned as to 15%, 30%, 30% and 25% by Mara, CKI 5, Brockhill and the Purchaser, respectively. In respect of the 30% of the issued share capital of each of NWG and NSL which would be owned by Brockhill upon completion of the KKR Investment, pursuant to the agreements dated 31st August, 2018 between Henley Riches Limited (a wholly-owned subsidiary of CK Hutchison Holdings Limited (“CKHH”)) and CKHH on one hand and the relevant subsidiaries of CKA, the Company and Power Assets Holdings Limited (“PAH”) on the other hand (as amended and supplemented from time to time), CKA and its subsidiaries (“CKA Group”), the Company and its subsidiaries (the “Group”), PAH and its subsidiaries (“PAH Group”) and CKHH and its subsidiaries (“CKHH Group”) (other than the Group which is part of the CKHH Group) would respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the CKA Group, the Group, the PAH Group and the CKHH Group (other than the Group which is part of the CKHH Group) respectively in NWG and NSL would become 27%, 39%, 6% and 3%.

At closing, the Sellers and the Purchaser would enter into (i) the NWG shareholders’ agreement with NWG to govern the rights and obligations of NWG and its shareholders (“NWG Shareholders’ Agreement”) and (ii) the NSL shareholders’ agreement with NSL to govern the rights and obligations of NSL and its shareholders (“NSL Shareholders’ Agreement”).

Given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust (as defined and more particularly described in the announcement of the Company dated 14th July, 2022) have been deemed as a group of connected persons by the Stock Exchange, CKA may be regarded as a connected person of the Company under the Listing Rules. Therefore, the entering into of the NWG Shareholders’ Agreement, the NSL Shareholders’ Agreement and an agreement entered into between the Sellers on closing as to how the rights of the Sellers under the NWG Shareholders’ Agreement and the NSL Shareholders’ Agreement, including but not limited as to the appointment of the director(s) of NWG and the director(s) of NSL, should be exercised (the “Sellers’ Agreement”), constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

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### CONNECTED TRANSACTION (CONT'D)

All of the applicable percentage ratios of the Company in respect of the entering into of the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, and the Sellers' Agreement by CKI 5 are less than 0.1%. All of the applicable percentage ratios of the Company in respect of the entering into of the Share Purchase Agreement by CKI 5 are also less than 5%. Accordingly, the transactions are not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, 38.63 per cent of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounted for 16.25 per cent of the Group's purchases. The Group's five largest customers accounted for less than 30 per cent of the Group's sales of goods or services.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5 per cent of the number of issued shares of the Company) has any interest in the Group's five largest suppliers.

### 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 ("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 of waste management and waste-to-energy businesses;
- (5) Development, investment and operation of household infrastructure;
- (6) Development, investment and operation and commercialisation of infrastructure related business;
- (7) Investment holding and project management; and
- (8) Securities investment.

#### (b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2) <sup>a</sup> , (3), (4) & (5)
	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Non-executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(1) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(8)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Kam Hing Lam	CK Asset Holdings Limited CK Hutchison Holdings Limited CK Life Sciences Int'l., (Holdings) Inc.	Deputy Managing Director Deputy Managing Director President	(1), (2) <sup>(i)</sup> , (3), (4) & (5) (1), (2), (3), (4) & (7) (8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited CK Hutchison Holdings Limited CK Life Sciences Int'l., (Holdings) Inc.	Deputy Managing Director Deputy Managing Director Senior Vice President and Chief Investment Officer	(1), (2) <sup>(i)</sup> , (3), (4) & (5) (1), (2), (3), (4) & (7) (8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited Power Assets Holdings Limited HK Electric Investments and HK Electric Investments Limited Hutchison Telecommunications Hong Kong Holdings Limited Cenovus Energy Inc.	Group Co-Managing Director Chairman Chairman  Chairman  Director	(1), (2), (3), (4) & (7) (1), (4), (7) & (8) (1) & (7)  (7)  (1)
Frank John Sixt	CK Hutchison Holdings Limited  HK Electric Investments and HK Electric Investments Limited TOM Group Limited Cenovus Energy Inc.	Group Finance Director and Deputy Managing Director Alternate Director  Non-executive Chairman Director	(1), (2), (3), (4) & (7)  (1) & (7)  (7) & (8) (1)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited HK Electric Investments and HK Electric Investments Limited	Executive Director Executive Director	(1), (4), (7) & (8) (1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited Henderson Land Development Company Limited	Non-executive Director Non-executive Director	(7) & (8) (1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited HK Electric Investments and HK Electric Investments Limited	Non-executive Director Alternate Director	(1), (2), (3), (4) & (7) (1) & (7)
Man Ka Keung, Simon	CK Global Investments (HK) Limited (Formerly known as Vermillion Aviation Holdings Limited) Highbury (HK) Limited Moonstone Global Investment Limited DUET Company Pty Limited Northumbrian Water Group Limited UK Power Networks Holdings Limited	Director  Director Director Director Director Director	(2) <sup>(ii)</sup>  (4) (1) (1) (3) <sup>(iii)</sup> (1) <sup>(iv)</sup>
Eirene Yeung	Accipiter Holdings Designated Activity Company CKP (Canada) Holdings Limited Highbury (HK) Limited Moonstone Global Investment Limited	Director  Director Director Director	(2) <sup>(v)</sup>  (5) (4) (1)

## REPORT OF THE DIRECTORS

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

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

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

- (i) CK Asset Holdings Limited completed the disposal of its investments in aircraft assets and discontinued the operation of aircraft leasing business in April 2022.
- (ii) CK Global Investments (HK) Limited completed the disposal of its investment in aircraft assets and discontinued the operation of aircraft leasing business in April 2022.
- (iii) With effect from 28th April, 2022, Mr. Man Ka Keung, Simon was appointed as Director of Northumbrian Water Group Limited.
- (iv) With effect from 14th April, 2022, Mr. Man Ka Keung, Simon was appointed as Director of UK Power Networks Holdings Limited.
- (v) With effect from 12th April, 2022, Ms. Eirene Yeung ceased as Director of Accipiter Holdings Designated Activity Company upon completion of CK Asset Holdings Limited's disposal of its investment in aircraft assets and discontinuation of the operation of aircraft leasing business in April 2022.

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, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### EQUITY-LINKED AGREEMENTS

For the year ended 31st December, 2022, 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, 2022.

### 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\$1,131,000.

## DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

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

As at 31st December, 2022, 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, 2022 is set out below:

HK\$ million	
Non-current assets	548,744
Current assets	27,453
Current liabilities	(57,224)
Non-current liabilities	(353,969)
Net assets	165,004
Share capital	44,196
Reserves	120,693
Non-controlling interests	115
Total equity	165,004

As at 31st December, 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$90,060 million.

## AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2022 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 D.3 of the Corporate Governance Report on pages 173 to 175.

## 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 2023 annual general meeting.

On behalf of the Board

**VICTOR T K LI**

Chairman

15th March, 2023