

REPORT OF THE DIRECTORS

The Directors are pleased to present shareholders with the annual report together with the audited financial statements of the Group for the year ended 31st December, 2014.

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, Australia, New Zealand and Canada.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2014 are set out in the consolidated income statement on page 80.

The Directors recommend the payment of a final dividend of HK\$1.475 per share which, together with the interim dividend of HK\$0.525 per share paid on 5th September, 2014, makes the total dividend of HK\$2.000 per share for the year.

PROPERTY, PLANT AND EQUIPMENT

Movements in the Group's property, plant and equipment during the year are set out in note 15 to the consolidated financial statements on pages 109 and 110.

RESERVES

Details of changes in the reserves of the Group are set out in the consolidated statement of changes in equity on page 83.

GROUP FINANCIAL SUMMARY

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

PROPERTIES

Particulars of major properties held by the Group are set out in Appendix 4 on page 150.

DIRECTORS

The Directors of the Company in office at the date of this report are listed on page 190 and their biographical information is set out on pages 50 to 57.

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. Li Tzar Kuoi, Victor, Mr. Fok Kin Ning, Canning, Mr. Andrew John Hunter, Mr. Cheong Ying Chew, Henry, Mr. Barrie Cook and Mr. Tso Kai Sum will retire from office 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.

REPORT OF THE DIRECTORS

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

As at 31st December, 2014, 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				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 1)	1,912,109,945	78.37%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	-	300,000	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,143,085,543	50.26%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	-	-	100,000	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	6,010,875 (Note 5)	-	6,010,875	0.14%
	Chow Woo Mo Fong, Susan	Beneficial owner	190,000	-	-	-	190,000	0.004%
	Frank John Sixt	Beneficial owner	200,000	-	-	-	200,000	0.005%
	Lan Hong Tsung, David	Beneficial owner	20,000	-	-	-	20,000	0.0004%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	-	-	-	38,500	0.0009%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	-	950,100 (Note 6)	1,000,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	-	-	2,770	0.00006%

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				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 & beneficiary of trusts	-	151,000	-	829,599,612 (Note 4)	829,750,612	38.87%
	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%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	-	1,000,000 (Note 5)	-	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 3)	3,185,136,120 (Note 8)	3,187,847,370	66.15%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 5)	-	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 9)	-	-	-	255,000

REPORT OF THE DIRECTORS

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

(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 7)	US\$100,000 7.45% Notes due 2017 (Note 7)	–	–	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 3)	–	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 5)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (10) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities (Note 3)	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 5)	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities
	Frank John Sixt	Beneficial owner	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities	–	–	–	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 3)	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities

Notes:

1. The 1,912,109,945 shares in the Company comprise 1,906,681,945 shares held by a subsidiary of Hutchison Whampoa Limited ("HWL") and 5,428,000 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1").

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 Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. TUT1 as trustee of UT1 and its related companies in 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") hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of HWL.

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-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH 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 CKH 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 discretionary beneficiary of each of DT1 and DT2 and as a director of CKH, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies, the shares of HWL held by the subsidiaries of CKH and the shares of the Company held by each of the subsidiary of HWL and TUT1 as trustee of UT1 under the SFO as a Director of the Company.

2. The 2,141,698,773 shares in HWL comprise:
 - (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
 - (b) 11,496,000 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 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-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL 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 HWL 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 discretionary beneficiary of each of DT3 and DT4 and as a director of HWL, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as a Director of the Company.

3. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
4. By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Power Assets Holdings Limited held through the Company under the SFO.
5. These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

REPORT OF THE DIRECTORS

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

Notes (Cont'd):

6. Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
7. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
8. Such shares of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") comprise:
 - (a) 3,184,982,840 ordinary shares of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares are held by certain wholly-owned subsidiaries of CKH and HWL respectively. By virtue of the interests in the shares of CKH and HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH and HWL as described in Notes 1 and 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HTHKH under the SFO; and
 - (b) 153,280 ordinary shares held by TUT3 as trustee of UT3. Mr. Li Tzar Kuoi, Victor as a Director of the Company, by virtue of being a discretionary beneficiary of each of DT3 and DT4 and his deemed interests in TUT3 as trustee of UT3 as described in Note 2(b) above, is taken to have a duty of disclosure in relation to the said shares of HTHKH under the SFO.
9. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHKH beneficially owned by Mr. Frank John Sixt.

As at 31st December, 2014, by virtue of his deemed interest in the share capital of the Company as described above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the provisions of the SFO, in addition to any separate interest held by him in the Company and its subsidiaries and associated companies. A waiver from compliance with the disclosure requirement under paragraph 13(1) of Appendix 16 to the Listing Rules in respect of the above-mentioned deemed interests of Mr. Li Tzar Kuoi, Victor to be disclosed in this annual report, on the ground that compliance with such paragraph would result in particulars being given which were not material in the context of the Group and were of excessive length, had been obtained from the Stock Exchange.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2014, 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.

No contracts of significance to which the Company or its subsidiary was a party and in which a Director of the Company had a material interest, whether directly or indirectly, during the year ended 31st December, 2014.

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

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).

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December, 2014, 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 (Note i)	1,906,681,945	78.15%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	78.15%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	78.15%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	78.15%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	1,912,109,945	78.37%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	78.37%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	78.37%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	1,912,109,945	78.37%

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of 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. CKH is 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 hold more than one-third of the issued share capital of HWL.
- iv. TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and TUT1 as trustee of UT1 holds 5,428,000 shares of the Company.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (CONT'D)

Notes (Cont'd):

- v. By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note iv above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

Save as disclosed above, as at 31st December, 2014, 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 of the Group constituted continuing connected transactions ("Continuing Connected Transactions") under the Listing Rules during the financial year ended 31st December, 2014:

- (a) On 31st August, 2011, the Company had entered into a tenancy agreement (the "2011 Tenancy Agreement") to renew the previous tenancy agreement with Turbo Top Limited ("Turbo Top"), which is a connected person of the Company by virtue of its being a wholly-owned subsidiary of HWL, a substantial shareholder of the Company, in respect of the lease of Office Unit 1202, 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong with a lettable floor area of approximately 10,079 square feet as the principal business office of the Group in Hong Kong for a term of three years commencing from 1st September, 2011 to 31st August, 2014 at a monthly rental of HK\$927,268, exclusive of Government rates and other charges. The aggregate rent and service charges payable under the 2011 Tenancy Agreement are subject to the annual caps of HK\$5,000,000 for the period from 1st September, 2011 to 31st December, 2011, HK\$13,000,000 for the year ended 31st December, 2012, HK\$13,000,000 for the year ended 31st December, 2013, and HK\$9,000,000 for the period from 1st January, 2014 to 31st August, 2014 taking into account of the possible adjustment on the monthly service charges of HK\$88,695.20. During the year, HK\$8,272,843.20 has been paid/payable by the Company to Turbo Top pursuant to the 2011 Tenancy Agreement.
- (b) In order to renew the 2011 Tenancy Agreement and another tenancy agreement dated 25th September, 2013 made between the Company and Turbo Top in respect of the lease of Office Unit 1903 on 19th Floor of Cheung Kong Center, 2 Queen's Road Central, Hong Kong with a lettable floor area of approximately 3,311 square feet and a term from 16th September, 2013 to 31st August, 2014 at a monthly rental of HK\$364,210 and service charges of HK\$32,447.80 per month (subject to adjustments), on 29th August, 2014, the Company had entered into two tenancy agreements (the "2014 Tenancy Agreements") with Turbo Top 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 2014 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 2014 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 ending 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, HK\$4,886,011 has been paid/payable by the Company to Turbo Top pursuant to the 2014 Tenancy Agreements.

- (c) On 15th May, 2013, the Company had entered into a master agreement with HWL (the “2013 Master Agreement”) pursuant to which the Company or its subsidiaries may acquire such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by HWL or any of its subsidiaries (the “Connected Issuers”) (the “2013 Connected Debt Securities”) in the secondary markets from independent third parties from time to time during the period commencing from 20th May, 2013 until the conclusion of the 2014 annual general meeting of the Company (the “2013 Term”). The Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company or an associate thereof.

The consideration for the 2013 Connected Debt Securities was on normal commercial terms determined with reference to market prices quoted on financial data providers. The cap applicable to the transactions contemplated under the 2013 Master Agreement was subject to (I) the aggregate gross purchase price of 2013 Connected Debt Securities of a particular issue held and proposed to be acquired by the Group during the 2013 Term not exceeding 20 per cent of the aggregate value of the subject issue and all outstanding 2013 Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and (II) (i) the aggregate gross purchase price paid in respect of the 2013 Connected Debt Securities held by the Group at the commencement of the 2013 Term, if any; (ii) the aggregate gross purchase price paid in respect of the 2013 Connected Debt Securities acquired by the Group prior to such date during the 2013 Term, if any; and (iii) the aggregate gross purchase price in respect of the 2013 Connected Debt Securities of a particular issue proposed to be acquired by the Group on such date, less (iv) the aggregate net sale proceeds in respect of 2013 Connected Debt Securities sold by the Group prior to such date during the 2013 Term and (v) the aggregate principal amount repaid to the Group for any such 2013 Connected Debt Securities redeemed prior to such date during the 2013 Term, at any time during the 2013 Term not exceeding: (a) HK\$2.6 billion or (b) 20 per cent of the aggregate net liquid assets of the Group, being the aggregate value of the cash, deposits and marketable securities (including for the avoidance of doubt any 2013 Connected Debt Securities held at the time all valued at their respective fair market values as at such date) held by the Group which was accounted for and consolidated in the accounts of the Company less the aggregate value of any such assets which are subject to pledges or other encumbrances, which were accounted for and consolidated in the accounts of the Company as at 31st December, 2012, or if different, 20 per cent of the Company’s “unaudited consolidated net liquid assets” as at the last day of the immediately preceding calendar quarter, being the reference date, whichever is the lower.

During the year, the Company and its subsidiaries had not acquired any 2013 Connected Debt Securities in the secondary markets pursuant to the 2013 Master Agreement. On 24th January, 2014, the connected debt securities held by the Company and its subsidiaries were matured and HK\$1,340,750,000, being 100% of the principal amount thereof, was received.

An announcement in respect of the above transaction in paragraph (a) was published on 31st August, 2011 in accordance with the Listing Rules. An announcement in respect of the above transaction in paragraph (b) was published on 29th August, 2014 in accordance with the Listing Rules. An announcement in respect of the above transaction in paragraph (c) was published on 15th May, 2013 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 2014 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.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS (CONT'D)

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 2014 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 relevant caps.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's turnover attributable to the Group's five largest customers was less than 30 per cent of the Group's turnover and the Group's purchases attributable to the Group's five largest suppliers were 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.

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Deputy Chairman	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Non-executive Director *	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman #	(1) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(6)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Executive Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director ^	(1), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(6)
	Australian Gas Networks Limited (formerly known as Envestra Limited) (whose shares were withdrawn from listing on 17th October, 2014)	Director **	(1)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Deputy Managing Director	(1), (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	Non-executive Director	(5) & (6)
	ARA Asset Management Limited	Non-executive Director	(5) & (6)
Fok Kin Ning, Canning	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Group Managing Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Chairman	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited <i>(share stapled units commenced listing on 29th January, 2014)</i>	Chairman	(1) & (5)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman and Alternate Director	(5)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (5) & (6)
	Australian Gas Networks Limited <i>(formerly known as Envestra Limited) (whose shares were withdrawn from listing on 17th October, 2014)</i>	Director **	(1)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director and Alternate Director **	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited <i>(share stapled units commenced listing on 29th January, 2014)</i>	Executive Director	(1) & (5)
	Australian Gas Networks Limited <i>(formerly known as Envestra Limited) (whose shares were withdrawn from listing on 17th October, 2014)</i>	Director	(1)
Chow Woo Mo Fong, Susan	Hutchison Whampoa Limited	Deputy Group Managing Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Executive Director and Alternate Director ^^	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited <i>(share stapled units commenced listing on 29th January, 2014)</i>	Executive Director and Alternate Director ***	(1) & (5)
	TOM Group Limited	Alternate Director	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)
Frank John Sixt	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Group Finance Director	(1), (3), (5) & (6)
	Power Assets Holdings Limited	Non-executive Director *	(1), (5) & (6)
	TOM Group Limited	Non-executive Chairman	(5) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(5)

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (CONT'D)

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

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
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	Cheung Kong (Holdings) Limited	Non-executive Director	(1), (3), (5) & (6)
	Hutchison Whampoa Limited	Non-executive Director	(1), (3), (5) & (6)
Tso Kai Sum	Power Assets Holdings Limited	Non-executive Director and Deputy Chairman and Senior Adviser to the Board ^{###}	(1), (5) & (6)
	HK Electric Investments and HK Electric Investments Limited <i>(share stapled units commenced listing on 29th January, 2014)</i>	Non-executive Director and Deputy Chairman and Senior Adviser to the Board ^{^^^}	(1) & (5)

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

* With effect from 29th January, 2014, Mr. Li Tzar Kuoi, Victor and Mr. Frank John Sixt have been re-designated as Non-executive Directors of Power Assets Holdings Limited.

With effect from 28th November, 2014, Mr. Li Tzar Kuoi, Victor has been appointed as a Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, and also the Deputy Chairman of HK Electric Investments Limited.

[^] With effect from 29th January, 2014, Mr. Kam Hing Lam has resigned as an Executive Director of Power Assets Holdings Limited.

^{**} With effect from 1st September, 2014, Mr. Kam Hing Lam and Mr. Andrew John Hunter have been appointed as Directors of Australian Gas Networks Limited.

^{##} With effect from 29th January, 2014, Mr. Chan Loi Shun has ceased as an Alternate Director of Power Assets Holdings Limited.

^{^^} With effect from 29th January, 2014, Mrs. Chow Woo Mo Fong, Susan has resigned as an Executive Director and has ceased as an Alternate Director of Power Assets Holdings Limited.

^{***} With effect from 28th November, 2014, Mrs. Chow Woo Mo Fong, Susan has resigned as an Executive Director and 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 29th January, 2014, Mr. Tso Kai Sum has resigned as a Non-executive Director and the Deputy Chairman and Senior Adviser to the Board of Power Assets Holdings Limited.

^{^^^} With effect from 28th November, 2014, Mr. Tso Kai Sum has resigned as a Non-executive Director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, and also the Deputy Chairman of HK Electric Investments 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

On 27th February, 2014, the Company has bought back and cancelled 56,234,455 shares at US\$5.52 or HK\$42.82 per share by private arrangement.

Save as disclosed above, during the year ended 31st December, 2014, 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 HWL 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.

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\$2,791,000.

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, 2014, 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, 2014 is set out below:

HK\$ million	
Non-current assets	381,627
Current assets	17,736
Current liabilities	(28,088)
Non-current liabilities	(285,591)
Net assets	85,684
Share capital	37,378
Reserves	48,263
Non-controlling interests	43
Total Equity	85,684

As at 31st December, 2014, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$52,102 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2014 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 164 to 166.

AUDITOR

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

On behalf of the Board

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 25th February, 2015