

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, 2020.

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 20 to 47, 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 48 to 49. A description of the principal risks and uncertainties facing the Group can be found in the Risk Factors on pages 173 to 180. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2020, if any, are set out in the Chairman's Letter on pages 6 to 11 and in Note 38 to the Consolidated Financial Statements on page 140. The above discussions form part of the Report of the Directors.

The Group recognises the increasing relevance and importance of climate change and other environmental issues to its business. At the same time, the regulatory requirements and stakeholder interest in these topics has increased significantly and will continue to grow. The Group is committed to protecting the environment and supporting sustainable development by managing its environmental footprint across its network of operating markets. The Group is planning to set up long-term targets to reduce carbon emissions as appropriate, while enacting processes and systems to monitor the Group's carbon footprint. The Group also endeavours to reduce hazardous and non-hazardous waste, manage effluent and facilitate ways to encourage more reuse and recycling in the day-to-day operations. The Group encourages the use of sustainable materials and the adoption of technologies to streamline production and operation processes and enable better management of environmental impact of its operations.

In 2020, the Group launched its group-wide Environmental Policy to guide the setting of an overall approach of environmental management across its worldwide businesses. To reduce air emissions, HK Electric's new highly efficient combined-cycle gas-fired generating unit equipped with selective catalytic reduction (SCR) system, known as L10 was commissioned this year. Energy Developments also delivered two major clean energy projects in 2020-the Agnew Hybrid Renewable Projects in Western Australia comprising 18 MW wind, 4MW solar and 13 MW/4MWh battery, and the Indy High BTU Renewable Natural Gas Plant in Indiana, USA.

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 (Directive 2012/27/EU) 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 guideline and procedure.

REPORT OF THE DIRECTORS

BUSINESS REVIEW (CONT'D)

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 attraction, retention and development of talent are essential for the Group's long-term development. To retain talents, the Group provides competitive compensation packages, and eligible employees are entitled to additional incentives for their contributions to the company's growth, profitability, and other goals. During the COVID-19 pandemic, a series of operational reinforcement measures have been implemented to ensure employee health and safety and continued operations.

As a utility services provider serving a total of over 40 million customers worldwide, the Group is conscious that many of its customers are currently experiencing additional financial challenges and has therefore set up a range of initiatives for those struggling to pay. SA Power Networks in Australia, for instance, launched a COVID-19 Tariff Relief Packages that rebate (writing-off) some network charges to retailers and defer retailer payment terms for other network charges in respect of residential customers and small business customers adversely impacted by the pandemic. UK Power Networks in the UK launched an app for the engineers to assist them in directly helping customers in vulnerable circumstances in the community. The app hosts useful information on medical support, coping with social isolation, wellbeing tips and more.

The Group is 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. As stated in the Group's Supplier Code of Conduct, all businesses in its supply chain are required to share the Group's commitment in terms of human rights, working conditions, occupational health and safety, non-discrimination, business ethics and environmental stewardship. Regular monitoring, audits and evaluations are carried out by the Group's businesses to assess the performance of its suppliers.

In the year of 2020, the Group has strengthened its sustainability governance and set up its Sustainability Committee which assists the Board to provide directions and guidance to the Group on sustainability and Environmental, Social and Governance ("ESG") related issues. The Group will also publish its first annual standalone Sustainability Report. 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 will be published on the website of the Stock Exchange and the Company's website at www.cki.com.hk for inspection and download.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31st December, 2020 are set out in the Consolidated Income Statement on page 83.

The Directors recommend the payment of a final dividend of HK\$1.79 per share which, together with the interim dividend of HK\$0.68 per share paid on 16th September, 2020, makes the total dividend of HK\$2.47 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 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. Ip Tak Chuen, Edmond, Mr. Fok Kin Ning, Canning, Mr. Andrew John Hunter, Mr. Cheong Ying Chew, Henry, Mr. Barrie Cook 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 2020 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).

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.

REPORT OF THE DIRECTORS

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

As at 31st December, 2020, 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				Total	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	0.21%
	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	4,600,850 (Note 3)	1,160,195,710 (Note 2)	1,165,421,760	30.22%
	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 8)	-	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 9)	936,000	0.02%
	Chow Woo Mo Fong, Susan	Beneficial owner	129,960	-	-	-	129,960	0.003%
Power Assets Holdings Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	9,895 (Note 10)	11,895 (Note 10)	-	-	11,895	0.0003%
	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%

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		
HK Electric Investments and HK Electric Investments Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations	-	-	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%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	2,000,000 (Note 8)	-	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 8)	-	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	353,292,749 (Note 7)	153,280 (Note 6)	353,638,029	7.33%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 8)	-	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	
CK Hutchison Capital Securities (17) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$38,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	-	US\$38,000,000 Subordinated 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 1,160,195,710 shares in CK Hutchison Holdings Limited ("CK Hutchison") comprise:
 - (a) 1,003,380,744 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 4,600,850 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.
 - (c) 1,077,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation (“LKSGF”). By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
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 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 LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
 - (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. The 353,292,749 shares in 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) 245,546 shares held by LKSGF. By virtue of the terms of the constituent documents of LKSGF, 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 LKSGF.
 - (c) 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. Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
 9. 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.
 10. 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, 2020, 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, 2020, 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	(1) Beneficial owner	1,906,681,945) (Note i))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		
CK Hutchison Global Investments Limited	(1) Interest of controlled corporations	1,906,681,945) (Note ii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		
CK Hutchison Holdings Limited	(1) Interest of controlled corporations	1,906,681,945) (Note iii))	2,037,747,042	76.87%
	(2) Interest of controlled corporation	131,065,097) (Note iv))		

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited (“HIHL”), an indirect subsidiary of CK Hutchison Global Investments Limited (“CK Global”). Its interests are duplicated in the interests of CK Global in the Company described in Note ii below.
- ii. CK Global is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as certain subsidiaries of CK Global are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HIHL.
- iii. CK Hutchison Holdings Limited (“CK Hutchison”) is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as CK Hutchison is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of CK Global.
- iv. The 131,065,097 shares are held by OVPH Limited (“OVPH”) by virtue of the US\$1,200,000,000 5.875% Guaranteed Perpetual Capital Securities (“Perpetual Securities”) issued on 2nd March, 2016. The Perpetual Securities were issued by OVPH and guaranteed by the Company. A swap agreement was entered into between the Company and OVPH under which OVPH is obliged to act in accordance with directions from the Company on certain matters. As a result, the Company is deemed by virtue of section 316(2) of the SFO to be interested in such voting shares as OVPH is interested. HIHL, CK Global and CK Hutchison are in turn deemed to be interested in the same 131,065,097 shares of the Company held by OVPH for the reasons set out in Notes ii and iii above.

Save as disclosed above, as at 31st December, 2020, 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 December, 2020, CKI UK Co 5 Limited (“CKI5”), CKI UK Co 6 Limited and Ever Summit Holdings Limited (which are wholly-owned subsidiaries of the Company) entered into an Implementation Agreement with among others, Northumbrian Water Group Limited (“NWGL”, a joint venture of the Company), relating to the internal reorganisation of the capital structure of NWGL (“Reorganisation”). In connection with the Reorganisation, CKI5 agreed to subscribe for additional A ordinary shares in NWGL in proportion to its existing holding of A ordinary shares in NWGL (the “Subscription”), for an aggregate consideration of approximately GBP462.66 million (equivalent to approximately HK\$4,770.0 million). The Subscription completed on 16th December, 2020. The purpose of the Reorganisation and the Subscription is to simplify NWGL’s capital structure and thereby address concerns from the industry regulator, Ofwat (Water Services Regulation Authority of the United Kingdom), in relation to complex structures involving loans from overseas shareholders. CK Hutchison Holdings Limited (“CKHH”) held approximately 71.93% of the issued share capital of the Company as at 14th December, 2020. As CKHH is a substantial shareholder of the Company, CKHH is a connected person of the Company. NWGL is an associate of CKHH and is therefore a connected person of the Company. Accordingly, the Subscription contemplated under the Implementation Agreement constituted a connected transaction for the Company under the Listing Rules.

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 (“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.

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)
Victor T K Li	CK Asset Holdings Limited	Chairman and Managing Director	(1), (2) & (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. Husky Energy Inc.	Chairman Co-Chairman*	(8) (1)
Kam Hing Lam	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President**	(8)
Ip Tak Chuen, Edmond	CK Asset Holdings Limited	Deputy Managing Director	(1), (2) & (5)
	CK Hutchison Holdings Limited	Deputy Managing Director	(1), (2), (3), (4) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(8)
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Group Co-Managing Director	(1), (2), (3), (4) & (7)
	Power Assets Holdings Limited	Chairman	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Chairman	(1) & (7)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman	(7)
	Husky Energy Inc.	Co-Chairman***	(1)
Frank John Sixt	CK Hutchison Holdings Limited	Group Finance Director and Deputy Managing Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)
	TOM Group Limited	Non-executive Chairman	(7) & (8)
	Husky Energy Inc.	Director	(1)
Andrew John Hunter	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
Chan Loi Shun	Power Assets Holdings Limited	Executive Director	(1), (4), (7) & (8)
	HK Electric Investments and HK Electric Investments Limited	Executive Director	(1) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(7) & (8)
	Henderson Land Development Company Limited	Non-executive Director	(1), (2) & (7)
George Colin Magnus	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	Husky Energy Inc.	Director****	(1)
Chow Woo Mo Fong, Susan	CK Hutchison Holdings Limited	Non-executive Director	(1), (2), (3), (4) & (7)
	HK Electric Investments and HK Electric Investments Limited	Alternate Director	(1) & (7)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Man Ka Keung, Simon	Vermillion Aviation Holdings Limited	Director	(2)
Eirene Yeung	Accipiter Holdings Designated Activity Company	Director	(2)

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

* With effect from 1st January, 2021, Mr. Victor T K Li ceased as Director and Co-Chairman of Husky Energy Inc. following the merger of Cenovus Energy Inc. and Husky Energy Inc.

** With effect from 1st September, 2020, Mr. Kam Hing Lam has been re-designated as President of CK Life Sciences Int'l., (Holdings) Inc.

*** With effect from 1st January, 2021, Mr. Fok Kin Ning, Canning has been re-designated as a Director of Husky Energy Inc.

**** With effect from 1st January, 2021, Mr. George Colin Magnus ceased as Director of Husky Energy Inc. following the merger of Cenovus Energy Inc. and Husky Energy Inc.

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, 2020, 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, 2020, 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, 2020.

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.

REPORT OF THE DIRECTORS

DONATIONS

Donations made by the Group during the year amounted to HK\$520,000.

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, 2020, 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, 2020 is set out below:

HK\$ million	
Non-current assets	657,294
Current assets	37,133
Current liabilities	(75,150)
Non-current liabilities	(456,283)
Net assets	162,994
Share capital	79,654
Reserves	83,702
Non-controlling interests	(362)
Total equity	162,994

As at 31st December, 2020, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$105,807 million.

AUDIT COMMITTEE

The Group's annual report for the year ended 31st December, 2020 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 162 to 164.

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 2021 annual general meeting.

On behalf of the Board

VICTOR T K LI

Chairman

17th March, 2021