

Directors' Report

The Directors are pleased to present their report on the consolidated entity (the "Group") consisting of HTAL and the entities it controlled at the end of or during the year ended 31 December 2019.

Principal activities

During the year, the Group's principal activity was the ownership of a 50% interest in VHA which provides telecommunications services in Australia.

Review of operations

Comments on the operations of the Group, results of those operations, the Company's business strategies and its prospects for future years are set out on pages iv to 1. Details of the financial position of the Company are contained in page 20 of this report.

Significant changes in the state of affairs and matters subsequent to the end of the financial year

There was no significant change in the state of affairs of the Group during the financial year. No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Other than as set out in the Review of operations above, further information on business strategies and the future prospects of the Company has not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations and business activities, through its investment in VHA, are subject to environmental regulations under both Commonwealth and State legislation and the requirements of the *Telecommunications Act 1997*. The Group's risk review and audit program is designed to ensure that the Group meets its obligations under current legislation.

VHA is subject to the *National Greenhouse and Environmental Reporting Act 2007* ("NGER") and is required to report information about greenhouse gas emissions, energy production, energy consumption and other information specified by the NGER. VHA has fulfilled its reporting requirements for its operations annually since 2009 under the NGER.

Dividends

No dividend was declared or paid during the year.

Directors

The following persons were Directors of HTAL during the whole of the year ended 31 December 2019 and up to the date of this report:

FOK Kin Ning, Canning

Barry ROBERTS-THOMSON

Susan Mo Fong CHOW, also known as WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan) (appointed on 9 December 2019)

Justin Herbert GARDENER

LAI Kai Ming, Dominic

John Michael SCANLON

Frank John SIXT

Ronald Joseph SPITHILL

WOO Chiu Man, Cliff

Directors' Report

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Further information on the Directors is set out on pages 2 and 3.

Director	Other Responsibilities	Particulars of Directors' Interests in ordinary shares of HTAL
Fok Kin Ning, Canning	Non-executive Chairman, Chairman of Governance, Nomination & Compensation Committee	5,100,000*
Barry Roberts-Thomson	Deputy Chairman	83,918,337**
Susan Mo Fong Chow [^]	-	-
Justin Herbert Gardener	Chairman of Audit & Risk Committee, Member of Governance, Nomination & Compensation Committee	1,957,358
Lai Kai Ming, Dominic	Member of Governance, Nomination & Compensation Committee	-
John Michael Scanlon	Member of Audit & Risk Committee	-
Frank John Sixt	Member of Audit & Risk Committee	1,000,000
Ronald Joseph Spithill	-	-
Woo Chiu Man, Cliff	-	-

* Direct holding of 100,000 shares

** Direct holding of 4,540 shares

[^] Appointed as Director with effect from 9 December 2019

Notes:

Fok Kin Ning, Canning, holds a relevant interest in (i) 5,711,438 ordinary shares of CK Hutchison Holdings Limited ("CKHH"), a related body corporate of HTAL; and (ii) 1,202,380 ordinary shares of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), a related body corporate of HTAL.

Susan Mo Fong Chow holds a relevant interest in (i) 129,960 ordinary shares of CKHH; and (ii) 250,000 ordinary shares of HTHKH.

Lai Kai Ming, Dominic holds a relevant interest in 34,200 ordinary shares of CKHH.

Frank John Sixt holds a relevant interest in (i) 166,800 ordinary shares of CKHH; and (ii) 255,000 ordinary shares of HTHKH.

Woo Chiu Man, Cliff holds a relevant interest in (i) 3,420 ordinary shares of CKHH; and (ii) 2,001,333 ordinary shares of HTHKH.

Meetings of Directors

The number of meetings of HTAL's Board of Directors and each of the Board committees held during the year ended 31 December 2019 and the number of meetings attended by each Director were:

Director	Board Meetings held during the year	Board Meetings attended as Director	Audit & Risk Committee Meetings held during the year	Audit & Risk Committee Meetings attended as Member of the Committee	Governance, Nomination & Compensation Committee Meetings held during the year	Governance, Nomination & Compensation Committee Meetings attended as Member of the Committee
Fok Kin Ning, Canning	4	3	N/A	N/A	Nil	Nil
Barry Roberts-Thomson	4	4	N/A	N/A	N/A	N/A
Susan Mo Fong Chow [^]	N/A	N/A	N/A	N/A	N/A	N/A
Justin Herbert Gardener	4	4	3	3	Nil	Nil
Lai Kai Ming, Dominic*	4	4	N/A	N/A	Nil	Nil
John Michael Scanlon	4	3	3	3	N/A	N/A
Frank John Sixt**	4	4	3	3	N/A	N/A
Ronald Joseph Spithill	4	4	N/A	N/A	N/A	N/A
Woo Chiu Man, Cliff	4	4	N/A	N/A	N/A	N/A

[^] Appointed as Director with effect from 9 December 2019

* Mr Sixt attended one Board meeting as Alternate Director for Mr Lai

** Mr Lai attended one Board meeting and one Audit & Risk Committee meeting as Alternate Director for Mr Sixt

No meeting of the Governance, Nomination & Compensation Committee was held during the year as any matters that arose for possible consideration by the Committee were dealt with by the full Board.

Retirement, election and continuation in office of Directors

Mr Barry Roberts-Thomson is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mrs Susan Mo Fong Chow is a Director who was appointed as additional director in accordance with the Constitution who, being eligible, offers herself for election.

Mr Lai Kai Ming, Dominic is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Ronald Joseph Spithill is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Mr Woo Chiu Man, Cliff is a Director retiring by rotation in accordance with the Constitution who, being eligible, offers himself for re-election.

Company secretaries

Edith Shih

[BSE, MA, MA, EdM, Solicitor, FCG \(CS, CGP\), FCS \(CS, CGP\)\(PE\)](#)

Edith Shih has been a Company Secretary of the Company since 1999. Ms Shih is an executive director and company secretary of CKHH. She has been with the Cheung Kong (Holdings) Limited group since 1989 and was with HWL from 1991 to 2015. Both Cheung Kong (Holdings) Limited and HWL became wholly owned subsidiaries of CKHH in 2015. She has acted in various capacities within the HWL Group, including head group general counsel and company secretary of HWL and director and company secretary of HWL subsidiaries and associated companies. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. She is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both The Chartered Governance Institute (formerly known as the “Institute of Chartered Secretaries and Administrators”) and The Hong Kong Institute of Chartered Secretaries, holding Chartered Secretary and Chartered Governance Professional dual designations.

Naomi Dolmatoff (appointed on 15 April 2019)

[BCom., AGIA, ACIS](#)

Naomi Dolmatoff is an experienced Company Secretary and has worked with ASX listed entities in financial services, technology, government bodies and mining and resources industries. Ms Dolmatoff holds a Bachelor of Commerce (Finance) and a Graduate Diploma in Applied Corporate Governance. Ms Dolmatoff is also an Associate of both The Governance Institute of Australia and The Chartered Governance Institute.

Louise Sexton (resigned on 15 April 2019)

[BA, LL.M, MBA \(Exec\), GAICD](#)

Louise Sexton has almost 26 years of experience as a company secretary in listed companies and has been a Company Secretary of the Company since 1999. Ms Sexton has practised as a solicitor since 1983 with experience in government, private practice and in-house corporate practice.

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Remuneration Report

As at 31 December 2019, the Company had one employee who is not 'key management personnel'. As at the date of this report, the Company does not have any employees who are 'key management personnel'. This report does not include any information relating to the employees or employment practices of VHA as it is not a subsidiary of the Company.

The compensation philosophy and policies referred to remain in place notwithstanding their currently limited application.

Compensation philosophy and practice

The Governance, Nomination & Compensation Committee is responsible for making recommendations to the Board on compensation policies and packages for all staff, including Board members. The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative, support the business objectives and reflect company performance. The Company's performance is measured according to the achievement of key financial and non-financial measures as approved by the Board, and key management personnel's remuneration packages (other than Directors) would be directly linked to these measures. The Group has been committed to ensuring it has compensation arrangements which would reflect individual performance, overall contribution to the Company's performance and developments in the external market. Written service agreements setting out remuneration and other terms of employment would be required for key management personnel.

Principles used to determine the nature and amount of remuneration

The Company's compensation policy is designed to ensure that remuneration strategies are competitive, innovative and support the business objectives while reflecting individual performance, overall contribution to the business and developments in the external market. Remuneration packages would generally involve a balance between fixed and performance based components, the latter being assessed against objectives which include both company and job specific financial and non-financial measures. These measures at the financial level directly relate to the key management's contribution to meeting or exceeding the Company's statement of comprehensive income and statement of financial position targets. At the non-financial level, the measures would reflect the contribution to achieving a range of key performance indicators as well as building a high performance company culture. The performance conditions are chosen to reflect an appropriate balance between achieving financial targets and building a business and organisation to be sustainable for the long term.

Directors' fees

The remuneration of the non-executive and independent Directors, Mr Justin Herbert Gardener and Mr John Michael Scanlon, comprised a fixed amount only and was not performance based. The non-executive and non-independent Directors, Mr Fok Kin Ning, Canning, Mr Barry Roberts-Thomson, Mrs Susan Mo Fong Chow, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt, Mr Ronald Joseph Spithill, and Mr Woo Chiu Man, Cliff did not receive any remuneration for their services as Directors.

Retirement allowances for Directors

No retirement allowances are payable to non-executive Directors.

Key management personnel

The Directors of HTAL are the key management personnel of HTAL having the authority and responsibility for planning, directing and managing activities for the period 1 January 2019 to 31 December 2019.

The appointment of Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt, and Mr Woo Chiu Man, Cliff is part of and in conjunction with their executive duties within the CKHH group. Mrs Susan Mo Fong Chow's appointment is also in conjunction with her directorship within the CKHH Group. They are not separately remunerated by the Company for their services. The remuneration details of these directors are available from the disclosure in their respective CKHH group annual reports.

Details of remuneration

Details of the remuneration of each Director of HTAL including their personally-related entities, are set out in the following tables.

Directors of HTAL

2019 Name	SHORT-TERM BENEFITS			POST- EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Options \$	
Fok Kin Ning, Canning	-	-	-	-	-	-
Barry Roberts-Thomson	-	-	-	-	-	-
Susan Mo Fong Chow [^]	-	-	-	-	-	-
Justin Herbert Gardener	50,000	-	-	4,750	-	54,750
Lai Kai Ming, Dominic	-	-	-	-	-	-
John Michael Scanlon	50,000	-	-	4,750	-	54,750
Frank John Sixt	-	-	-	-	-	-
Ronald Joseph Spithill	-	-	-	-	-	-
Woo Chiu Man, Cliff	-	-	-	-	-	-
Total	100,000	-	-	9,500	-	109,500

[^] Appointed as Director with effect from 9 December 2019

Mr Fok Kin Ning, Canning, Mrs Susan Mo Fong Chow, Mr Lai Kai Ming, Dominic, Mr Frank John Sixt and Mr Woo Chiu Man, Cliff, as officers of CKHH group, are remunerated for their duties within the CKHH Group which include their directorships of HTAL.

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2018 Name	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Options \$	
Fok Kin Ning, Canning	-	-	-	-	-	-
Barry Roberts-Thomson	-	-	-	-	-	-
Justin Herbert Gardener	50,000	-	-	4,750	-	54,750
Lai Kai Ming, Dominic	-	-	-	-	-	-
John Michael Scanlon	50,000	-	-	4,750	-	54,750
Frank John Sixt	-	-	-	-	-	-
Ronald Joseph Spithill	-	-	-	-	-	-
Woo Chiu Man, Cliff	-	-	-	-	-	-
Total	100,000	-	-	9,500	-	109,500

Share-based compensation

No ordinary shares were issued on the exercise of options during the year to any of the Directors or former key management personnel.

No Directors were issued options during the year or hold options over the ordinary shares of the Company. No options were vested and unexercisable at the end of the year.

Shareholdings

The number of shares in the Company held during the financial year by each Director, including their personally-related entities, are set out below.

Directors of HTAL

Name	ORDINARY SHARES			
	Balance at the start of the year	Received during the year on the exercise of options	Changes during the year	Balance at the end of the year
Fok Kin Ning, Canning	5,100,000*	-	-	5,100,000*
Barry Roberts-Thomson	83,918,337**	-	-	83,918,337**
Susan Mo Fong Chow^	-	-	-	-
Justin Herbert Gardener	1,957,358	-	-	1,957,358
Lai Kai Ming, Dominic	-	-	-	-
John Michael Scanlon	-	-	-	-
Frank John Sixt	1,000,000	-	-	1,000,000
Ronald Joseph Spithill	-	-	-	-
Woo Chiu Man, Cliff	-	-	-	-

* Direct holding of 100,000 shares

** Direct holding of 4,540 shares

^ Appointed as Director with effect from 9 December 2019

Shares under option

As at the date of this report there were no unissued ordinary shares of HTAL under option.

Shares issued on the exercise of options

No ordinary shares of HTAL were issued during the year ended 31 December 2019 or up to the date of this report on the exercise of options.

Loans to Directors and key management personnel

There were no loans made to the Directors of the Company, including their personally-related entities, during the years ended 31 December 2019 and 31 December 2018.

Other transactions with Directors and key management personnel

There were no other transactions with Directors for the years ended 31 December 2019 or ended 31 December 2018.

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Non-audit services

HTAL may decide to employ the auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in Note 14, Remuneration of auditors, on page 36 of the financial report.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 17.

Directors' and officers' liability insurance

During the financial year, CKHH paid a premium to insure the Directors and officers of the Group against loss or liability arising out of a claim for a wrongful act, including any costs, charges and expenses that may be incurred in defending any actions, suits, proceedings or claims. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officer or the improper use by the officers of their position to gain advantage for themselves or someone else or to cause detriment to the Company.

Proceedings on behalf of HTAL

No person has applied to the Court under section 237 of the *Corporations Act 2001 (Cth)* for leave to bring proceedings on behalf of HTAL, or to intervene in any proceedings to which HTAL is a party, for the purpose of taking responsibility on behalf of HTAL for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of HTAL with leave of the Court under section 237 of the *Corporations Act 2001 (Cth)*.

Rounding of amounts to nearest thousand dollars

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar or cent.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327B of the *Corporations Act 2001 (Cth)*.

This report is made in accordance with a resolution of the Directors.



Director
26 February 2020



Director
26 February 2020