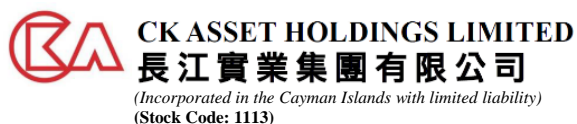


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JOINT ANNOUNCEMENT RELATING TO ECONOMIC BENEFITS AGREEMENTS

CONNECTED TRANSACTIONS

The CKA Board, the CKHH Board, the CKI Board and the PAH Board jointly announce that on 31 August 2018 (after trading hours), CKH Sub and CKHH (as guarantor of CKH Sub) entered into an Economic Benefits Agreement with each of: (i) CKA Sub; (ii) CKI Sub; and (iii) PAH Sub separately, pursuant to which CKH Sub will, with effect from the Effective Date, on an on-going basis, pay each of CKA Sub, CKI Sub and PAH Sub their respective Economic Benefits Amounts in consideration for the payment of the CKA Consideration, CKI Consideration and PAH Consideration, respectively, to CKH Sub.

The CKA Agreement, the CKI Agreement and the PAH Agreement are separate agreements and are not conditional upon each other, with each agreement relating to the respective Relevant Percentage of CKA Sub, CKI Sub and PAH Sub of the Economic Benefits. The Economic Benefits Amounts payable by CKH Sub to each Relevant Subsidiary under the respective Economic Benefits Agreement refer to the sums (in US dollars) equal to the Relevant Percentage of each Relevant Subsidiary of the Economic Benefits, comprising amounts including dividends and other distributions declared by CKII to CKH and other proceeds or payments received by CKH from CKII from and including the Effective Date.

CKII (through the Intermediate Companies) holds shareholding interests in the Relevant Businesses, which are infrastructure businesses comprising interests in (a) Park’N Fly, the largest off-airport car park provider in Canada, (b) Northumbrian Water, one of the 10 regulated water and sewerage companies in England and Wales, (c) Australian Gas Networks, one of Australia’s largest distributors of natural gas, (d) Wales & West Gas Networks, a gas distribution network that serves Wales and the South West of England, (e) UK Rails, one of the three major rolling stock operating companies in the United Kingdom and (f) Dutch Enviro Energy, the largest energy-from-waste company in the Netherlands.

The Economic Benefits Agreements allow each Relevant Subsidiary to earn a reasonable return based on the performance of the portfolio of infrastructure assets which comprise the Relevant Businesses owned by CKII (through the Intermediate Companies).

For CKHH, it currently has a direct (via CKH, a wholly-owned subsidiary of CKHH), as well as an indirect (via CKI, in which CKHH currently holds approximately 71.93% of its issued share capital), exposure in the underlying portfolio of infrastructure assets comprising the Relevant Businesses and such shareholding structure will remain unchanged notwithstanding the entering into of the Economic Benefits Agreements. The divesture of a substantial portion of CKH's Economic Benefits arising from the infrastructure investments contemplated under the Economic Benefits Agreements enables the CKHH Group to maintain leverage post completion of various pending transactions, including CKHH's acquisition of an additional stake in Wind Tre S.p.A. as announced by CKHH on 3 July 2018 and 31 August 2018, at a level consistent with CKHH's current financial profile. The Economic Benefits Agreements also allow CKHH to further streamline its infrastructure portfolio investments primarily through its holdings in CKI.

CKHH has unconditionally and irrevocably guaranteed to each of CKA Sub, CKI Sub and PAH Sub the due and punctual performance by CKH Sub of its obligations under the respective Economic Benefits Agreements, including the payment obligation of CKH Sub in respect of the respective Economic Benefits Amounts.

The implications of the relevant Economic Benefits Agreements for each of CKA, CKI, PAH and CKHH under the Listing Rules are summarised as follows:

In respect of CKA

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust currently directly and/or indirectly hold an aggregate of approximately 31.71% of the issued share capital of CKA and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKA under Chapter 14A of the Listing Rules. Accordingly, the entering into the CKA Agreement constitutes a connected transaction for CKA under the Listing Rules.

As one or more of the applicable percentage ratios of CKA under the CKA Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKA Agreement is subject to CKA's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of CKI

CKHH currently holds approximately 71.93% of the issued share capital of CKI. As CKHH is a substantial shareholder of CKI, CKHH is a connected person of CKI. Accordingly, the entering into the CKI Agreement constitutes a connected transaction for CKI under the Listing Rules.

As one or more of the applicable percentage ratios of CKI under the CKI Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKI Agreement is subject to CKI's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of PAH

CKHH currently holds approximately 71.93% of the issued share capital of CKI, which in turn currently holds approximately 38.01% of the issued shares of PAH. As CKI is a substantial shareholder of PAH and CKHH is an associate of CKI, CKHH is a connected person of PAH. Accordingly, the entering into the PAH Agreement constitutes a connected transaction for PAH under the Listing Rules.

As one or more of the applicable percentage ratios of PAH under the PAH Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the PAH Agreement is subject to PAH's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of CKHH

CKA has been deemed by the Stock Exchange to be CKHH's connected person under the Listing Rules. Accordingly, the entering into of the CKA Agreement constitutes a connected transaction for CKHH under the Listing Rules. As one or more of the applicable percentage ratios of CKHH under the CKA Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKA Agreement is subject to CKHH's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The CKA Board, the CKHH Board, the CKI Board and the PAH Board jointly announce that on 31 August 2018 (after trading hours), CKH Sub and CKHH (as guarantor of CKH Sub) entered into an Economic Benefits Agreement with each of: (i) CKA Sub; (ii) CKI Sub; and (iii) PAH Sub separately, pursuant to which CKH Sub will, with effect from the Effective Date, on an on-going basis, pay each of CKA Sub, CKI Sub and PAH Sub their respective Economic Benefits Amounts in consideration for the payment of the CKA Consideration, CKI Consideration and PAH Consideration, respectively, to CKH Sub.

2. ECONOMIC BENEFITS AGREEMENTS

The CKA Agreement, the CKI Agreement and the PAH Agreement are separate agreements and are not conditional upon each other, with each agreement relating to the respective Relevant Percentage of CKA Sub, CKI Sub and PAH Sub of the Economic Benefits. The principal terms of the Economic Benefits Agreements, which are otherwise substantially the same, are summarised as follows:

(a) Economic Benefit Amounts

In consideration for the payment by: (i) CKA Sub of the CKA Consideration; (ii) CKI Sub of the CKI Consideration; and (iii) PAH Sub of the PAH Consideration, CKH Sub has irrevocably and unconditionally undertaken to each Relevant Subsidiary to pay, with effect from the Effective Date, on an on-going basis, to the Relevant Subsidiary its Economic Benefits Amounts.

The Economic Benefits Amounts payable by CKH Sub to each Relevant Subsidiary under the respective Economic Benefits Agreement refer to the sums (in US dollars) equal to the Relevant Percentage of each Relevant Subsidiary of the Economic Benefits, comprising amounts including dividends and other distributions declared by CKII to CKH and other proceeds or payments (including interest payments) received by CKH from CKII from and including the Effective Date. The Economic Benefits Agreements thereby allow each Relevant Subsidiary to earn a reasonable return based on the performance of the portfolio of infrastructure assets which comprise the Relevant Businesses owned by CKII (through the Intermediate Companies).

The Economic Benefits Agreements do not create, result in nor are to be construed as constituting or passing (a) any right, title or interest (whether legal or beneficial) in or to any shares of or shareholder's loans to any of the Relevant Companies, any Subject Group Companies, any of the Relevant Businesses, any asset therein or associated therewith, or any of the Economic Benefits, whether to a Relevant Subsidiary or any other person; (b) any trustee, fiduciary, agent or other relationship between CKH Sub and a Relevant Subsidiary in relation to any such companies, shares, businesses, assets or Economic Benefits; or (c) any voting right, any power of control, any decisive or material influence, any right to pledge, or any other right or power associated with legal and beneficial ownership of or title to any shares in any of the Relevant Companies, any Subject Group Companies, any of the Relevant Businesses, or any asset therein or associated therewith, whether to the Relevant Subsidiary or any other person.

(b) Distributions and Operation of Relevant Businesses

CKHH has undertaken to each Relevant Subsidiary that, among other things, from and including the Effective Date, it shall (amongst other things), subject to any restrictions imposed by and requirements of any applicable laws and regulations:

- (i) procure that CKH and the Subject Group Companies shall continue to operate and carry on their respective businesses in the ordinary course and in good faith, provided that any distributions of Surplus Funds referred to in sub-paragraph (ii) below shall not be unreasonably withheld or delayed;
- (ii) procure that each Subject Group Company shall make distributions on an annual basis, after taking into account future investments and funding requirements (if any), of the Surplus Funds of that company from and including the Effective Date by way of dividend, share repurchases, repayment of shareholder's loans, interest payments on shareholder's loans and/or other forms of distributions, and shall not unreasonably withhold or delay the making of such distributions; and
- (iii) procure that as of each Review Date the aggregate amount payable (including amounts already paid and those still outstanding) by CKH Sub during the Review Period of that Review Date shall not be less than the CKHH Guaranteed Amount.

(c) Termination

Each Relevant Subsidiary shall be entitled to terminate the relevant Economic Benefits Agreement with immediate effect by written notice to CKH Sub and CKHH if (i) the aggregate relevant Economic Benefits Amounts paid and payable to the Relevant Subsidiary from the Effective Date until 31 December 2023 is less than the US dollar equivalent of the Relevant Minimum Amount (subject to adjustments agreed between CKH Sub and the Relevant Subsidiary from time to time to reflect any additional contributions, fundings, payments or otherwise to the Subject Group Companies after the Effective Date); and (ii) the parties to the relevant Economic Benefits Agreement have consulted with each other for not less than 20 business days, provided that no such notice of termination may be given later than 31 January 2024.

Upon the termination of the applicable Economic Benefits Agreement, CKH Sub shall pay to the Relevant Subsidiary the Relevant Consideration paid by such Relevant Subsidiary within one month of the date of the notice of termination of the relevant Economic Benefits Agreement.

(d) Guarantee

CKHH has unconditionally and irrevocably guaranteed to each Relevant Subsidiary as a primary and continuing obligation the due and punctual performance and observance by CKH Sub of its obligations, covenants and undertakings under the respective Economic Benefits Agreements (including, for the avoidance of doubt, the payment obligation of CKH Sub in respect of the respective Economic Benefits Amounts).

3. CONSIDERATION PAYABLE UNDER EACH ECONOMIC BENEFITS AGREEMENT

The consideration payable by CKA Sub to CKH Sub on the Payment Date for its Economic Benefits Amounts under the CKA Agreement is approximately US\$1,222.93 million (approximately HK\$9,600 million).

The consideration payable by CKI Sub to CKH Sub on the Payment Date for its Economic Benefits Amounts under the CKI Agreement is approximately US\$917.20 million (approximately HK\$7,200 million).

The consideration payable by PAH Sub to CKH Sub on the Payment Date for its Economic Benefits Amounts under the PAH Agreement is approximately US\$611.46 million (approximately HK\$4,800 million).

The Relevant Consideration payable under each Economic Benefits Agreement was determined by reference to, among other things, the overall financial position and performance of the Relevant Businesses and after arm's length negotiation between the respective parties to each Economic Benefits Agreement.

4. INFORMATION ON CKII, GML AND THE RELEVANT BUSINESSES

CKII is a wholly-owned investment holding subsidiary of CKH, which in turn is a wholly-owned subsidiary of CKHH.

CKII (through the Intermediate Companies) holds shareholding interests in the Relevant Businesses, which are infrastructure businesses comprising interests in (a) Park'N Fly, the largest off-airport car park provider in Canada, of which CKII holds an indirect interest of 50%, (b) Northumbrian Water, one of the 10 regulated water and sewerage companies in England and Wales, of which CKII holds an indirect interest of 40%, (c) Australian Gas Networks, one of Australia's largest distributors of natural gas, of which CKII holds an indirect interest of 27.51%, (d) Wales & West Gas Networks, a gas distribution network that serves Wales and the South West of England, of which CKII holds an indirect interest of 30%, (e) UK Rails, one of the three major rolling stock operating companies in the United Kingdom, of which CKII holds an indirect interest of 50% and (f) Dutch Enviro Energy, the largest energy-from-waste company in the Netherlands, of which CKII (via GML) holds an indirect interest of 35%.

GML, holder of a direct 35% interest in Dutch Enviro Energy, was formerly a fellow subsidiary of CKII and a direct wholly-owned investment holding subsidiary of CKH. With effect from 29 August 2018, GML became a direct investment holding subsidiary of CKII. Prior to GML becoming a subsidiary of CKII on 29 August 2018, GML and CKII each prepared its own unaudited consolidated management financial statements.

Based on the respective unaudited consolidated management financial statements of each of CKII and GML for the financial years ended 31 December 2016 and 31 December 2017 prepared in accordance with the Hong Kong Financial Reporting Standards, the combined unaudited consolidated profit before and after taxation of CKII and GML for the financial year ended 31 December 2016 were approximately HK\$2,349 million¹ and approximately HK\$2,346 million¹, respectively, and the combined unaudited consolidated profit before and after taxation of CKII and GML for the financial year ended 31 December 2017 were approximately HK\$1,999 million and approximately HK\$1,998 million, respectively.

¹ Results for the financial year ended 31 December 2016 included CKII's share of the Relevant Companies' one-off deferred tax gains arising from changes in the UK corporate tax rate in 2016.

Based on the respective unaudited consolidated management financial statements of each of CKII and GML for the six months ended 30 June 2018 prepared in accordance with the Hong Kong Financial Reporting Standards, the combined unaudited consolidated net asset value of CKII and GML as at 30 June 2018 was approximately HK\$17,280 million. Before the Effective Date, CKH will subscribe for new share(s) in CKII for a consideration of approximately HK\$6,867 million, which will be satisfied by way of the capitalisation of intercompany loans owed by CKII to CKH. It is expected that the intercompany loan capitalisation will increase the unaudited consolidated net asset value of CKII by approximately HK\$6,867 million. The actual amount of the increase in the unaudited consolidated net asset value of CKII will depend on the actual amount of the intercompany loans being capitalised.

5. INFORMATION ON THE CKA GROUP

The CKA Group is a leading multinational corporation and has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, joint ventures in infrastructure and utility asset operation and aircraft leasing.

6. INFORMATION ON THE CKI GROUP

The principal activities of the CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and North America.

7. INFORMATION ON THE PAH GROUP

The principal activities of the PAH Group are investment in energy and utility-related businesses in the United Kingdom, Hong Kong, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Portugal, Canada and the United States.

8. INFORMATION ON THE CKHH GROUP

The CKHH Group is principally engaged in five core businesses: ports and related services, retail, infrastructure, energy, and telecommunications.

9. REASONS FOR, AND BENEFITS OF, THE ECONOMIC BENEFITS AGREEMENTS

For CKA, as stated in its Annual Report 2017, the CKA Group intends to increase the portion of its stable recurring revenue base. The CKA Directors consider the transaction contemplated in the CKA Agreement to be a long-term investment for CKA Sub and the CKA Group, which will generate stable investment income for CKA Sub and the CKA Group. The Economic Benefits Amounts under the CKA Agreement will allow CKA to deploy its excess funds and CKA Sub and the CKA Group to earn a reasonable return based on the performance of a portfolio of infrastructure assets which comprise the Relevant Businesses. In addition, the portfolio of infrastructure assets which comprise the Relevant Businesses is managed by CKI and, with respect to certain assets, PAH, with whom CKA has an ongoing relationship through other joint venture investments.

For CKI, it already has an existing direct exposure in the underlying portfolio of infrastructure assets comprising the Relevant Businesses. The CKI Directors consider the transactions contemplated in the CKI Agreement to be a long-term investment for CKI Sub and the CKI Group and the Economic Benefits Amounts which CKI Sub is expected to receive under the CKI Agreement will generate stable investment income for CKI Sub and the CKI Group.

For PAH, the PAH Agreement offers stable cash return based on the performance of the Relevant Businesses, which include a number of energy assets in which it already has an existing direct exposure (namely, Australian Gas Networks, Wales & West Gas Networks and Dutch Enviro Energy) as well as other complementary infrastructure assets included as part of the investment portfolio.

As CKHH (through CKH) will retain an economic exposure to the Relevant Businesses, this ensures an alignment of the interest of CKHH with the interests of CKA Sub, CKI Sub and PAH Sub under the Economic Benefits Agreements and will further ensure that CKHH complies with its obligations under the Economic Benefits Agreement to procure that, among other things, each Subject Group Company will make distributions and other payments and operate and carry on its business in good faith, as described above. The guarantee from CKHH further enhances the security around the cash flow to each of CKA Sub, CKI Sub and PAH Sub from the Economic Benefits Agreements.

For CKHH, it currently has a direct (via CKH, a wholly-owned subsidiary of CKHH), as well as an indirect (via CKI, in which CKHH currently holds approximately 71.93%² of its issued share capital), exposure in the underlying portfolio of infrastructure assets comprising the Relevant Businesses and such shareholding structure will remain unchanged notwithstanding the entering into of the Economic Benefits Agreements. The divesture of a substantial portion of CKH's Economic Benefits arising from the infrastructure investments contemplated under the Economic Benefits Agreements enables the CKHH Group to maintain leverage post completion of various pending transactions, including CKHH's acquisition of an additional stake in Wind Tre S.p.A. as announced by CKHH on 3 July 2018 and 31 August 2018, at a level consistent with CKHH's current financial profile. The Economic Benefits Agreements also allow CKHH to further streamline its infrastructure portfolio investments primarily through its holdings in CKI. It is expected that, on the Effective Date, the CKHH Group will recognise a loss attributable to ordinary shareholders of approximately HK\$2,827 million, representing the difference between the total consideration and the estimated carrying value and reclassification adjustments amounts of the infrastructure investments contemplated under the Economic Benefits Agreements. The amount of the loss will depend on the actual carrying value and reclassification adjustments amounts of these investments as at the Effective Date. The proceeds derived from the Economic Benefits Agreements are intended to be used for general working capital purposes including refinancing CKHH's acquisition of an additional stake in Wind Tre S.p.A. as announced by CKHH on 3 July 2018 and 31 August 2018.

For the above reasons, the CKA Directors (including the independent non-executive directors of CKA), having regard to the benefits which are expected to accrue to CKA and its subsidiaries as a result of the CKA Agreement, consider that the terms of the CKA Agreement are on normal commercial terms and in the ordinary and usual course of business of the CKA Group, and the terms of the CKA Agreement are fair and reasonable and in the interest of the CKA Group and its shareholders as a whole. Since Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the transactions contemplated in the CKA Agreement, he has voluntarily abstained from voting on the board resolutions of CKA in relation to the transactions contemplated under the CKA Agreement.

For the above reasons, the CKI Directors (including the independent non-executive directors of CKI), having regard to the benefits which are expected to accrue to CKI and its subsidiaries as a result of the CKI Agreement, consider that the terms of the CKI Agreement are on normal commercial terms and in the ordinary and usual course of business of the CKI Group, and the terms of the CKI Agreement are fair and reasonable and in the interest of the CKI Group and its shareholders as a whole. Since Mr. Li Tzar Kuoi, Victor, has or may be regarded as having a material interest in the transactions contemplated in the CKI Agreement, he has voluntarily abstained from voting on the board resolutions of CKI in relation to the transactions contemplated under the CKI Agreement.

² In January 2015, CKI completed a share placement and share subscription transaction that resulted in the CKHH Group's interest in CKI reducing from 78.16% to 75.67%. In March 2016, CKI issued 131,065,097 new shares in connection with an issue of US\$1,200 million perpetual capital securities. Subsequent to this transaction, the CKHH Group holds 71.93% issued shares of CKI. As these new shares are accounted for as treasury shares by CKI and are disregarded for the purpose of determining the number of shares held by the public, the CKHH Group's profit sharing in CKI continues to be 75.67%.

For the above reasons, the PAH Directors (including the independent non-executive directors of PAH), having regard to the benefits which are expected to accrue to PAH and its subsidiaries as a result of the PAH Agreement, consider that the terms of the PAH Agreement are on normal commercial terms and in the ordinary and usual course of business of the PAH Group, and the terms of the PAH Agreement are fair and reasonable and in the interest of the PAH Group and its shareholders as a whole. Since Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the transactions contemplated in the PAH Agreement, he has voluntarily abstained from voting on the board resolutions of PAH in relation to the transactions contemplated under the PAH Agreement.

The CKHH Directors (including the independent non-executive directors of CKHH), having regard to the benefits which are expected to accrue to the CKHH Group as a result of each of the Economic Benefits Agreement, consider that the terms of each of the Economic Benefits Agreements are on normal commercial terms and in the ordinary and usual course of business of the CKHH Group, and the terms of the Economic Benefits Agreements are fair and reasonable and in the interest of the CKHH Group and its shareholders as a whole. Since Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the transactions contemplated in the Economic Benefits Agreements, he has voluntarily abstained from voting on the board resolutions of CKHH for approving each of the Economic Benefits Agreements.

10. IMPLICATIONS UNDER THE LISTING RULES

(a) In respect of CKA

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust currently directly and/or indirectly hold an aggregate of approximately 31.71% of the issued share capital of CKA and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKA under Chapter 14A of the Listing Rules. Accordingly, the entering into the CKA Agreement constitutes a connected transaction for CKA under the Listing Rules.

As one or more of the applicable percentage ratios of CKA under the CKA Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKA Agreement is subject to CKA's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(b) In respect of CKI

CKHH currently holds approximately 71.93% of the issued share capital of CKI. As CKHH is a substantial shareholder of CKI, CKHH is a connected person of CKI. Accordingly, the entering into the CKI Agreement constitutes a connected transaction for CKI under the Listing Rules.

As one or more of the applicable percentage ratios of CKI under the CKI Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKI Agreement is subject to CKI's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(c) In respect of PAH

CKHH currently holds approximately 71.93% of the issued share capital of CKI, which in turn currently holds approximately 38.01% of the issued shares of PAH. As CKI is a substantial shareholder of PAH and CKHH is an associate of CKI, CKHH is a connected person of PAH. Accordingly, the entering into the PAH Agreement constitutes a connected transaction for PAH under the Listing Rules.

As one or more of the applicable percentage ratios of PAH under the PAH Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the PAH Agreement is subject to PAH's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(d) In respect of CKHH

CKA has been deemed by the Stock Exchange to be CKHH's connected person under the Listing Rules. Accordingly, the entering into of the CKA Agreement constitutes a connected transaction for CKHH under the Listing Rules. As one or more of the applicable percentage ratios of CKHH under the CKA Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5%, the CKA Agreement is subject to CKHH's compliance with the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Assuming that the Economic Benefits Agreements are to be aggregated for the purpose of Chapter 14 of the Listing Rules, one or more of the applicable percentage ratios of CKHH under the Economic Benefits Agreements if so aggregated will exceed 5% but all of the applicable percentage ratios will be less than 25%, and on such basis, the Economic Benefits Agreements will constitute a discloseable transaction for CKHH under Chapter 14 of the Listing Rules.

11. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|--------------------------------|--|
| “CKA” | CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113) |
| “CKA Board” | the board of CKA Directors |
| “CKA Consideration” | approximately US\$1,222.93 million (approximately HK\$9,600 million) |
| “CKA Agreement” | the agreement dated 31 August 2018 between CKH Sub, CKHH (as guarantor of CKH Sub) and CKA Sub in relation to CKA Sub's Relevant Percentage of the Economic Benefits |
| “CKA Director(s)” | the director(s) of CKA |
| “CKA Group” | CKA and its subsidiaries |
| “CKA Sub” | Team Ace Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKA |
| “CKH” | Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKHH |
| “CKH Economic Benefits” | (a) all dividends and any other distributions which are declared by CKII to CKH before the Effective Date, and (b) all interests (if any) owing by CKII to CKH which are accrued before the Effective Date |
| “CKH Sub” | Henley Riches Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKH |

| | |
|--|--|
| “CKHH” | CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1) |
| “CKHH Board” | the board of CKHH Directors |
| “CKHH Director(s)” | the director(s) of CKHH |
| “CKHH Group” | CKHH and its subsidiaries |
| “CKHH Guaranteed Amount” | in respect of a Relevant Subsidiary, an amount equal to (1) the Relevant Percentage of the aggregate of (a) all dividends and any other distributions and (b) all shareholder’s loan repayments and interest payments which CKII receives during the relevant Review Period less (2) the Relevant Percentage of (i) the CKH Economic Benefits, (ii) tax and the Day to Day Operational Costs and Expenses in respect of CKII and (iii) any adjustments agreed between CKH Sub and the Relevant Subsidiary from time to time to reflect any additional contributions, fundings, payments or otherwise to the Subject Group Companies during the Review Period (including any amount agreed between CKH Sub and the Relevant Subsidiary) |
| “CKI” | CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038) |
| “CKI Board” | the board of CKI Directors |
| “CKI Consideration” | approximately US\$917.20 million (approximately HK\$7,200 million) |
| “CKI Agreement” | the agreement dated 31 August 2018 between CKH Sub, CKHH (as guarantor of CKH Sub) and CKI Sub in relation to CKI Sub’s Relevant Percentage of the Economic Benefits |
| “CKI Director(s)” | the director(s) of CKI |
| “CKI Group” | CKI and its subsidiaries |
| “CKI Sub” | Success Ally Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKI |
| “CKII” | Cheung Kong (Infrastructure Investment) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKH |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Day to Day Operational Costs and Expenses” | in respect of a company, such amount determined by that company in good faith which is required to fund its day to day operational requirements (including provision for tax and costs and expenses) in its ordinary course of business |

- “DT1”** The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1
- “DT2”** a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
- “DT3”** a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3
- “DT4”** a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4
- “Economic Benefits”** the economic benefits (which for the avoidance of doubt, shall not include amounts paid by Subject Group Companies to third parties in respect of tax and Day to Day Operational Costs and Expenses to the extent that such tax or Day to Day Operational Costs and Expenses relate to that Subject Group Company’s direct or indirect investment in the Relevant Companies or its business carried on in this connection, and not to any other business or investment which that Subject Group Company carries on or holds, and without double counting) which CKH receives or is entitled to receive from CKII from and including the Effective Date, including, without limitation, and in each case from and including the Effective Date:
- (a) all dividends and any other distributions which are declared by CKII to CKH;
 - (b) all proceeds which are received by CKH from CKII deriving from repurchases by CKII of its own shares;
 - (c) all sale or disposal proceeds which are received by CKH deriving from the sale or disposal of CKII or any of CKH’s shares in CKII;
 - (d) all repayments of principal on any interest free debt (as current account or otherwise) owing by CKII to CKH and which are received by CKH; and
 - (e) in the event that there are any interest bearing debts owing by CKII to CKH, all interest payments and repayments of principal on any such interest bearing debts and which are received by CKH,
- but excluding any amount attributable to the CKH Economic Benefits and deducting any payments made by CKH Sub to a Relevant Subsidiary outside of the Economic Benefits Amounts (including any additional payments made by CKH Sub to a Relevant Subsidiary in excess of the amount required to be paid by CKH Sub in respect of the Economic Benefits Amounts to ensure compliance by CKHH of its undertaking in respect of the CKHH Guaranteed Amount)

| | |
|---------------------------------------|--|
| “Economic Benefits Agreements” | the CKA Agreement, the CKI Agreement and the PAH Agreement, and “Economic Benefits Agreement” means any of them |
| “Economic Benefits Amounts” | in respect of a Relevant Subsidiary, sums (in US dollars) equal to such Relevant Subsidiary’s Relevant Percentage of the Economic Benefits |
| “Effective Date” | the date on which the Relevant Consideration is actually received by CKH Sub, provided that the Effective Date shall not be earlier than the Payment Date |
| “GML” | Global Magnate Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKH |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Initial Review Date” | 31 December 2018 |
| “Intermediate Companies” | the intermediate companies (including, among others, GML) which are direct or indirect subsidiaries of CKII through which CKII holds its interest in the respective Relevant Companies |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PAH” | Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6) |
| “PAH Board” | the board of PAH Directors |
| “PAH Consideration” | approximately US\$611.46 million (approximately HK\$4,800 million) |
| “PAH Agreement” | the agreement dated 31 August 2018 between CKH Sub, CKHH (as guarantor of CKH Sub) and PAH Sub in relation to PAH Sub's Relevant Percentage of the Economic Benefits |
| “PAH Director(s)” | the director(s) of PAH |
| “PAH Group” | PAH and its subsidiaries |
| “PAH Sub” | Mauve Blossom Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of PAH |
| “Payment Date” | the date falling two months from the date of each Economic Benefits Agreement, or such earlier date as may be agreed between CKH Sub and the Relevant Subsidiary |
| “Relevant Businesses” | the businesses owned and carried on by the Relevant Companies from time to time |

| | |
|----------------------------------|--|
| “Relevant Companies” | (a) 1822604 Alberta Ltd., 1822606 Alberta Ltd. and 1884901 Alberta Ltd. (through which CKII indirectly owns 50% interest of Park’N Fly in Canada), (b) Northumbrian Water Group Limited, UK Water (2011) Limited and Northumbrian Services Limited (through which CKII indirectly owns 40% interest of Northumbrian Water in the United Kingdom), (c) Australian Gas Networks UK Limited, Australian Gas Networks UK 2 Limited and Australian Gas Networks Holdings Pty Limited (through which CKII indirectly owns 27.51% interest of Australian Gas Networks in Australia), (d) West Gas Networks Limited and Western Gas Networks Limited (through which CKII indirectly owns 30% interest of Wales & West Gas Networks in Wales and the South West of England), (e) UK Rails S.à r.l. and Eversholt UK Rails Limited (through which CKII indirectly owns 50% interest of UK Rails in the United Kingdom) and (f) Dutch Enviro Energy Holdings B.V. (through which CKII indirectly owns 35% interest of Dutch Enviro Energy in the Netherlands) |
| “Relevant Consideration” | (a) in relation to CKA Sub, the CKA Consideration; (b) in relation to CKI Sub, the CKI Consideration; and (c) in relation to PAH Sub, the PAH Consideration |
| “Relevant Minimum Amount” | (a) in relation to CKA Sub, HK\$2,000 million; (b) in relation to CKI Sub, HK\$1,500 million; and (c) in relation to PAH Sub, HK\$1,000 million |
| “Relevant Percentage” | (a) in relation to CKA Sub, 40%; (b) in relation to CKI Sub, 30%; and (c) in relation to PAH Sub, 20% |
| “Relevant Subsidiary” | any of CKA Sub, CKI Sub or PAH Sub, as applicable |
| “Review Date” | each of the Initial Review Date and each 31 December in each calendar year falling after the Initial Review Date |
| “Review Period” | (a) in respect of the Initial Review Date, the period from the Effective Date to the Initial Review Date; and (b) in respect of any other Review Date, the period of 12 months ending on that Review Date |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subject Group Company” | any of CKII and the Intermediate Companies and “Subject Group Companies” means all of them |

| | |
|---------------------------|---|
| “Surplus Funds” | in respect of a company, the cash of that company less the Day to Day Operational Costs and Expenses |
| “substantial shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “TDT1” | Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1 |
| “TDT2” | Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2 |
| “TDT3” | Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3 |
| “TDT4” | Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4 |
| “Trust” | DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them |
| “US\$” or “US dollars” | United States dollars, the lawful currency of the United States of America |
| “UT1” | The Li Ka-Shing Unity Trust |
| “UT3” | The Li Ka-Shing Castle Trust |
| “%” | per cent. |

In this announcement, US\$ has been converted to HK\$ at the rate of US\$1 = HK\$7.85 for illustration purpose only.

By Order of the CKA Board
CK Asset Holdings Limited
Eirene Yeung
*Executive Committee Member &
Company Secretary*

By Order of the CKHH Board
CK Hutchison Holdings Limited
Edith Shih
Executive Director & Company Secretary

By Order of the CKI Board
CK Infrastructure Holdings Limited
Eirene Yeung
Company Secretary

By Order of the PAH Board
Power Assets Holdings Limited
Alex Ng
Company Secretary

Hong Kong, 31 August 2018

As at the date of this announcement, the CKA Directors are Mr. LI Tzar Kuoi, Victor (Chairman and Managing Director), Mr. KAM Hing Lam (Deputy Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Managing Director), Mr. CHUNG Sun Keung, Davy, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Colin Stevens RUSSEL and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.

As at the date of this announcement, the CKHH Directors are: Mr. LI Tzar Kuoi, Victor (Chairman and Group Co-Managing Director), Mr. FOK Kin Ning, Canning (Group Co-Managing Director), Mr. Frank John SIXT (Group Finance Director and Deputy Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Managing Director), Mr. KAM Hing Lam (Deputy Managing Director), Mr. LAI Kai Ming, Dominic (Deputy Managing Director) and Ms. Edith SHIH as Executive Directors; Mr. CHOW Kun Chee, Roland, Mrs. CHOW WOO Mo Fong, Susan, Mr. LEE Yeh Kwong, Charles, Mr. LEUNG Siu Hon and Mr. George Colin MAGNUS as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. CHENG Hoi Chuen, Vincent, The Hon Sir Michael David KADOORIE, Ms. LEE Wai Mun, Rose, Mr. William Elkin MOCATTA (Alternate to The Hon Sir Michael David KADOORIE), Mr. William SHURNIAK, Mr. WONG Chung Hin and Dr. WONG Yick-ming, Rosanna as Independent Non-executive Directors.

As at the date of this announcement, the Executive Directors of CKI are Mr. LI Tzar Kuoi, Victor (Chairman), Mr. KAM Hing Lam (Group Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. Andrew John HUNTER (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer), Ms. CHEN Tsien Hua and Mr. Frank John SIXT; the Non-executive Directors are Mr. CHEONG Ying Chew, Henry (Independent Non-executive Director), Mrs. KWOK Eva Lee (Independent Non-executive Director), Mrs. SNG Sow-mei alias POON Sow Mei (Independent Non-executive Director), Mr. Colin Stevens RUSSEL (Independent Non-executive Director), Mr. LAN Hong Tsung, David (Independent Non-executive Director), Mr. Barrie COOK (Independent Non-executive Director), Mr. Paul Joseph TIGHE (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina and Mr. George Colin MAGNUS; and the Alternate Directors are Mrs. CHOW WOO Mo Fong, Susan (Alternate Director to Mr. FOK Kin Ning, Canning), Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene YEUNG (Alternate Director to Mr. KAM Hing Lam).

As at the date of this announcement, the PAH Directors are: Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin as Executive Directors; Mr. LI Tzar Kuoi, Victor as Non-executive Director; and Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony as Independent Non-executive Directors.