

CK Hutchison Group Telecom Finance S.A.

CK HUTCHISON GROUP TELECOM FINANCE S.A.

(incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

7, rue du Marché-aux-Herbes

L-1728 Luxembourg

RCS Luxembourg: B236170

(the “Issuer”)

€1,500,000,000 0.375% Guaranteed Notes due 2023
(ISIN XS2056572154/Common Code 205657215)

€1,000,000,000 0.750% Guaranteed Notes due 2026
(ISIN XS2057069093/Common Code 205706909)

€1,000,000,000 1.125% Guaranteed Notes due 2028
(ISIN XS2057069762/Common Code 205706976)

€750,000,000 1.500% Guaranteed Notes due 2031
(ISIN XS2057070182/Common Code 205707018)

£500,000,000 2.000% Guaranteed Notes due 2027
(ISIN XS2057072121/Common Code 205707212)

and

£300,000,000 2.625% Guaranteed Notes due 2034
(ISIN XS2057072477/Common Code 205707247)

in each case

unconditionally and irrevocably guaranteed by

CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(the “Guarantor”)

In accordance with Regulation (EU) No. 596/2014 on market abuse and the law of 11 January 2008 on transparency requirements, as amended, the Issuer is filing with the *Commission de Surveillance du Secteur Financier* and storing with the Officially Appointed Mechanism the attached discloseable transactions announcement of CK Hutchison Holdings Limited (“CK Hutchison”, of which each of the Issuer and the Guarantor is an indirect wholly owned subsidiary).

The attached document was also published by CK Hutchison at 6:28 pm and 6:29 pm (Hong Kong time), 12 May 2023 on the websites of Hong Kong Exchanges and Clearing Limited and CK Hutchison, respectively.

CK Hutchison Group Telecom Finance S.A.

Edith Shih

Director

12 May 2023

CK Hutchison Group Telecom Finance S.A.
Société Anonyme

Registered office: 7, rue du Marché-aux-Herbes, L-1728 Luxembourg,
Grand Duchy of Luxembourg
Tel +352 2626 8126 Fax +352 2626 8181
www.ckh.com.hk

RCS Luxembourg: B236170
Share Capital: EUR 30,000

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DISCLOSEABLE TRANSACTIONS

ESTABLISHMENT OF A NEW COMPANY FOR WHOLESALE MOBILE AND WHOLESALE FIXED COMMUNICATIONS SERVICES IN ITALY

INTRODUCTION

The Board is pleased to announce that on 12 May 2023 (after market trading hours in Hong Kong), CKHGTI, W3, HoldCo and NetCo (each, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company) and the Investor entered into the FTA pursuant to which the parties have conditionally agreed on the Transaction. The Transaction involves, amongst others, the New Company Establishment, comprising: (i) the Contribution, whereby W3 will transfer its wholesale mobile and wholesale fixed communications services business in Italy to NetCo; (ii) the Subscriptions, whereby the Investor and CKHGTI will each subscribe for shares in HoldCo such that HoldCo will become owned as to 60% by the Investor and 40% by CKHGTI; and (iii) the Transfer, whereby W3 will transfer the NetCo Sale Shares to HoldCo. The Transaction will also involve the grant of the Options, comprising the Integrated Operator Options, the Default Put Option, the Default Call Option, the Material Underperformance Call Option, the 2W Business Call Option and the 2W Business Put Option.

REASONS AND BENEFITS OF THE TRANSACTION

The Company is of the view that the Transaction unlocks the value of the Group's Italian wholesale mobile and wholesale fixed communications services business which is not fully reflected in the Company's recent share price. The Transaction capitalises on W3's success in structuring wholesale partnerships and network-related joint ventures to date in Italy to create the first independent wholesale mobile network services provider in Italy, and unlocks further wholesale opportunities. The Transaction will also improve W3's capital allocation and allow W3 to further its strategic focus on its end-user operations and core product offerings.

IMPLICATIONS UNDER THE LISTING RULES

The Transaction consists of the following discloseable transactions for the Company for the purpose of Chapter 14 of the Listing Rules, namely: (1) the deemed disposal of HoldCo as a result of the Subscriptions; (2) the disposal of NetCo Sale Shares as a result of the Transfer; (3) the grant of the Integrated Operator Put Option; and (4) the grant of the Default Put Option.

As Closing is conditional on the satisfaction or waiver of certain conditions, there remains a possibility that the Transaction may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

1 INTRODUCTION

The Board is pleased to announce that on 12 May 2023 (after market trading hours in Hong Kong), CKHGTI, W3, HoldCo and NetCo (each, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company) and the Investor entered into the FTA pursuant to which the parties have conditionally agreed on the Transaction. The Transaction involves, amongst others, the New Company Establishment, comprising:

- (i) the Contribution, whereby W3 will transfer the Business to its wholly-owned subsidiary, namely NetCo, following the satisfaction (or, where applicable, waiver) of the conditions precedent under the FTA in consideration for the issue of new NetCo shares to W3;
- (ii) the Subscriptions, whereby the Investor and CKHGTI will, following completion of the Contribution, each subscribe for shares in HoldCo such that HoldCo will become owned as to 60% by the Investor and 40% by CKHGTI; and
- (iii) the Transfer, whereby W3 will, following completion of the Subscriptions, transfer the NetCo Sale Shares to HoldCo on Closing for a consideration that is equal to the total consideration for the Subscriptions.

At Closing, the parties and certain of their affiliates will also enter into a number of agreements in connection with the New Company Establishment, including: (a) the MSA governing the provision by NetCo of wholesale mobile and wholesale fixed communications services to W3, (b) the SSA in respect of the provision by W3 of certain infrastructure, telecommunication and other support services to NetCo to support NetCo's exercise of rights, and performance of obligations, under the MSA and NetCo's business contracts with third parties, (c) the SHA governing the relationships and matters in relation to HoldCo and NetCo, as well as (d) other transaction documents.

The Transaction also involves the grant of the Options, comprising:

- (i) the Integrated Operator Options, whereby CKHGTI may call from the Investor, or the Investor may put to CKHGTI, their Relevant Securities on the occurrence of a Specified Transaction;
- (ii) the Default Put Option, whereby the Investor may put to CKHGTI its Relevant Securities on the occurrence of certain termination events under the MSA;
- (iii) the Default Call Option, whereby W3 may call from CKHGTI and the Investor their Relevant Securities on the occurrence of certain termination or default events under the MSA and any financing arrangements entered into by NetCo provided certain conditions are satisfied, as discussed in paragraph 3.6 below;
- (iv) the Material Underperformance Call Option, whereby CKHGTI may call from the Investor (and from any person that acquires Relevant Securities that were originally issued or transferred to the Investor) its Relevant Securities in the event of a material underperformance of the NetCo Group across a consecutive four-year period;
- (v) the 2W Business Call Option, whereby NetCo may call the 2W Business at least 18 months from Closing; and
- (vi) the 2W Business Put Option, whereby W3 may put the 2W Business to NetCo at least 24 months from Closing.

Morgan Stanley Asia Limited has been appointed as the financial advisor to CKHGTI in relation to the Transaction.

2 REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is of the view that the Transaction unlocks the value of the Group's Italian wholesale mobile and wholesale fixed communications services business which is not fully reflected in the Company's recent share price. The Transaction capitalises on W3's success in structuring wholesale partnerships and network-related joint ventures to date in Italy to create the first independent wholesale mobile network services provider in Italy. It is

expected that the HoldCo Group's independence will allow it to compete for a broader set of mobile network sharing and other mobile wholesale opportunities that are not available to W3 today. There is further opportunity for the Group to expand this initiative into other geographies where it currently operates.

Furthermore, the Transaction will improve W3's capital allocation and allow W3 to further its strategic focus on its end-user operations and core product offerings. W3 will benefit from the long-term MSA with pre-defined network service level agreements and fixed service fee payments equivalent to W3's long-term cost base of maintaining a state-of-the-art active mobile network, whilst retaining full ownership and access to its spectrum. The Transaction will be earnings and cashflow accretive for CKHGTH and W3 in the short-and-medium term, while the capacity allowances in the MSA ramp up over five years.

The terms of the Transaction (including the consideration for the Subscriptions and the Transfer and the exercise prices of the Options) were reached based on arms' length negotiations and the Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration for the New Company Establishment was arrived at after taking into account factors including (i) the agreed enterprise value of the Business; (ii) the amount of the Shareholder Debt as at Closing; (iii) the outlook and expected financial performance of the Business; (iv) the market conditions and economic landscape in Italy; and (v) the exit mechanisms under the Options. The exercise prices of the Options were arrived at after taking into account factors including (i) expected value of the HoldCo Group during the exercise period; and (ii) the contributions to be made by the parties to the HoldCo Group upon Closing.

3 PRINCIPAL TERMS OF THE TRANSACTION

3.1 FTA

On 12 May 2023, CKHGTH, W3, HoldCo, NetCo and the Investor entered into the FTA, the principal terms of which are summarised below.

The Contribution

W3 shall contribute the Business to NetCo in consideration for a capital increase of NetCo to W3 for an aggregate amount equal to the net book value of the Business in the accounts of W3.

The Subscriptions

Subject to the terms and conditions of the FTA and following the completion of the Contribution, (i) the Investor shall subscribe for such number of shares of HoldCo as represents 60% of the issued share capital of HoldCo; and (ii) CKHGTH shall subscribe for such number of shares of HoldCo as represents 40% of the issued share capital of HoldCo, in each case as enlarged by the Subscriptions.

The consideration for the Subscriptions payable by each party shall be determined on a pro-rata basis based on their shareholding in HoldCo and the agreed enterprise value of the Business of EUR3,400,000,000 (comprising the equity value of the Business and the Shareholder Debt), to be adjusted by, amongst others, earnings / losses of the Business since 31 December 2021, and capital expenditure incurred in relation to the Business since 31 December 2021 less the net book value of any disposal by W3 of the assets of the Business in that period. Notwithstanding such adjustments, the aggregate consideration for the Subscriptions shall be no less than approximately EUR2,400,000,000.

Upon completion of the Subscriptions, HoldCo will cease to be a subsidiary of the Company and will be de-consolidated from the consolidated financial statements of the Group.

The Transfer

Following completion of the Subscriptions, W3 shall sell and HoldCo shall purchase the NetCo Sale Shares on Closing for a consideration that is equal to the total consideration for the Subscriptions. HoldCo shall apply the proceeds from the Subscriptions to fund the consideration for the Transfer.

Upon completion of the Transfer on Closing, NetCo will cease to be a subsidiary of the Company and will be de-consolidated from the consolidated financial statements of the Group.

Shareholder Debt

On Closing, the Shareholder Debt shall be repaid in full.

Conditions precedent

Completion of the Contribution, the Subscriptions and the Transfer are each conditional upon satisfaction of various conditions precedent, including:

- (i) a senior credit facilities agreement having been entered into between, amongst others, NetCo, HoldCo and certain financial institutions with respect to a term credit facility to be made available for drawdown by NetCo to repay the Shareholder Debt in full at Closing;
- (ii) NetCo having in place the agreed status of IT systems, as certified by the Investor and countersigned by W3;
- (iii) W3 having implemented a reorganisation of its human resources and certain related procedures having been completed in accordance with the FTA; and
- (iv) certain consents and customary regulatory approvals, confirmations and filings having been obtained and/or completed.

If any of the above conditions (other than condition (iii) above) are not satisfied (or, where applicable, waived) on or before the longstop date (being the date that is six calendar months from the date of the FTA), either W3 or the Investor may extend the longstop date by three calendar months (if it reasonably considers that there is a realistic prospect of satisfying all the outstanding conditions within the extended timeframe). If the conditions are not satisfied (or, where applicable, waived) by five Business Days after the longstop date or the extended longstop date (as applicable), either W3 or the Investor may terminate the FTA by giving written notice to the other parties.

Closing

Completion of the Contribution shall take place after the satisfaction (or, where applicable, waiver) of all of the conditions specified above, or on such other date as may be agreed between the parties. Promptly following completion of the Contribution, completion of the Subscriptions is to occur with Closing to follow promptly thereafter, in each case unless otherwise agreed between the parties.

Termination

Each party to the FTA is entitled to terminate the FTA by written notice if another party fails to comply with any of its obligations for Closing (including if NetCo does not utilise the facility under the senior credit facilities agreement to satisfy the Shareholder Debt in full upon Closing).

If the FTA is terminated by any party, all of the provisions of the FTA shall lapse and cease to have effect (except for certain surviving clauses and subject to accrued rights and liabilities).

3.2 Lock Up and Option Deed

On 12 May 2023, the Investor and CKHGTI entered into the Lock Up and Option Deed, the principal terms of which are summarised below.

No Specified Transaction

CKHGTH undertakes that it shall not (and shall procure its affiliates not to), from the date of the Lock Up and Option Deed until the earlier of the date of Closing and the termination of the FTA, enter into any transaction pursuant to which:

- (i) it and/or they transfer, or agree to transfer, control of CKHGTH (or any holding company of CKHGTH whose only assets are CKHGTH) to certain specified Integrated Operators; or
- (ii) CKHGTH (or any holding company of CKHGTH whose only assets are CKHGTH) acquires, or agrees to acquire, control of certain specified Integrated Operators,

(each a “**Specified Transaction**”).

Integrated Operator Options

The Investor grants the Integrated Operator Call Option to CKHGTH, and CKHGTH grants the Integrated Operator Put Option to the Investor, whereby, if a Specified Transaction completes during the period from the date of Closing until (but not including) the second anniversary thereof:

- (i) CKHGTH shall have the right to acquire from the Investor and/or its affiliates pursuant to the exercise of the Integrated Operator Call Option; and
- (ii) the Investor and/or its affiliates shall have the right to sell to CKHGTH pursuant to the exercise of the Integrated Operator Put Option,

all (but not some only) of its Relevant Securities.

The Integrated Operator Options are granted at no cost. The consideration payable by CKHGTH pursuant to the exercise of an Integrated Operator Option shall be:

- (i) where the Integrated Operator Call Option is exercised, 200% of the Investor’s invested equity in respect of its Relevant Securities; or
- (ii) where the Integrated Operator Put Option is exercised, 150% of the Investor’s invested equity in respect of its Relevant Securities,

less the equity proceeds received by the Investor and its affiliates in respect of its Relevant Securities (*plus* the amount of any Investor contribution to specified costs, if any). The exercise price of the Integrated Operator Put Option is subject to a cap of EUR3,000,000,000.

3.3 MSA

At Closing, NetCo and W3 will enter into the MSA pursuant to which NetCo will provide integrated wholesale mobile and wholesale fixed communications services to W3 in Italy. The service fees will be calculated in accordance with the methodology set out in the MSA, and comprise a base line fee for the base level of services provided under the MSA based on W3’s existing long-term cost base of maintaining its mobile network, an additional service fee for additional services agreed between the parties from time to time (to be calculated on a cost-plus basis), and certain other fees and costs as set out in the MSA.

The MSA shall remain in effect until 31 December 2051, unless extended or renewed in accordance with the MSA. The MSA may be terminated for cause by W3 or by NetCo in circumstances specified for each party in the MSA.

3.4 SSA

At Closing, W3 and NetCo will enter into the SSA pursuant to which W3 will, via the 2W Business, provide certain infrastructure, telecommunication and other support services to NetCo to support NetCo's exercise of rights, and performance of obligations, under the MSA and NetCo's business contracts with third parties.

Under the SSA, W3 will grant NetCo the 2W Business Call Option whereby NetCo will have the right to call the 2W Business at least 18 months from Closing, and NetCo will grant W3 the 2W Business Put Option whereby W3 will have the right to put to NetCo the 2W Business at least 24 months from Closing, in consideration for NetCo issuing new shares to W3. W3 shall subsequently sell such new NetCo shares to HoldCo for a nominal consideration of EUR1.00. On completion of the 2W Business Call Option or the 2W Business Put Option (as the case may be), the outstanding remuneration and benefits in relation to employees of the 2W Business shall be paid in full by W3 to NetCo.

The SSA shall remain in effect until the transfer of the 2W Business to NetCo has been effected.

3.5 Put Option Deed

At Closing, the Investor, CKHGTH and HoldCo will enter into the Put Option Deed pursuant to which CKHGTH will grant the Default Put Option to the Investor. Pursuant to the Default Put Option, the Investor may sell to CKHGTH all (but not part) of its Relevant Securities if NetCo's right to terminate the MSA becomes exercisable as a result of either of the following events occurring:

- (i) W3 having failed to pay to NetCo material amounts as they fall due under the MSA; or
- (ii) W3 becoming subject to liquidation proceedings or having a receiver or examiner appointed in respect all or substantially all of its assets.

The Default Put Option will be granted by CKHGTH to the Investor at no cost. The consideration payable by CKHGTH pursuant to the exercise of the Default Put Option shall be an amount equal to the aggregate of:

- (i) the Investor's invested equity in respect of Relevant Securities as at the date of completion of the Default Put Option; *less*
- (ii) the aggregate amounts received by the Investor from time to time in respect of its Relevant Securities.

The exercise price of the Default Put Option is subject to a cap of EUR4,000,000,000, unless increased in accordance with the Put Option Deed and such increase (if required) approved by shareholders of the Company or any other direct or indirect shareholder of CKHGTH and/or W3 that is listed on a recognised stock exchange.

3.6 Call Option Deed

Upon Closing, HoldCo, the Investor, CKHGTH and W3 will enter into the Call Option Deed pursuant to which each of the Investor and CKHGTH will grant the Default Call Option to W3. Pursuant to the Default Call Option, W3 may call from CKHGTH and the Investor all (but not part) of their Relevant Securities if any of the following termination events occurs:

- (i) W3 having the right to terminate the MSA in certain circumstances where either NetCo defaults under the MSA (including NetCo committing a material breach of the MSA or NetCo becoming subject to liquidation proceedings) or where a prolonged and unremedied force majeure event occurs, in each case as described in, and pursuant to the terms and conditions of, the MSA; or
- (ii) the occurrence of a default, an event of default, or an acceleration of debt, in each case under the finance documents to be entered into by NetCo or any future financing arrangements entered into by NetCo (other than as a result of W3 (or CKHGTH) having failed to pay to NetCo material amounts as they fall due under the MSA), where either (a) CKHGTH or any of its affiliates (individually or collectively) no longer holds

20% or more of the shares in HoldCo; or (b) W3 is no longer controlled by CKHGTH or any of its affiliates (individually or collectively).

The Default Call Option will be granted to W3 at no cost. The consideration payable by W3 pursuant to the exercise of the Default Call Option shall be an amount equal to the fair market value of the shares in HoldCo held by the Investor and CKHGTI and any outstanding loans (including accrued and unpaid interest in respect of such loans) made to HoldCo by, or debt securities (including loan notes) issued by HoldCo to, each of the Investor and CKHGTI, in each case as calculated and/or determined by valuation experts pursuant to the valuation mechanics applicable to the Default Call Option. To the extent required by any law or regulations applicable to CKHGTI, W3 or any of their respective affiliates, completion of the Default Call Option would be subject to approval by the requisite majority of shareholders at a general meeting of the Company or any other direct or indirect shareholder of CKHGTI and/or W3 that is listed on a recognised stock exchange. If shareholder approval is required but has not been obtained by the day falling nine months after the date of exercise of the Default Call Option and the relevant seller elects to proceed, the Default Call Option shall be completed at a lower exercise price determined by the relevant seller which W3 is authorised to pay, or that the relevant seller is authorised to receive, without shareholder approval.

3.7 SHA

At Closing, CKHGTI, the Investor, HoldCo and NetCo will enter into the SHA governing their relationships and matters in relation to HoldCo and NetCo. The SHA shall remain in effect until it is terminated. The principal terms of the SHA are summarised below.

Board of managers of HoldCo

The board of managers of HoldCo shall be responsible for the overall management of HoldCo. The board of managers of HoldCo will consist of three managers nominated by the Investor and two managers nominated by CKHGTI. For so long as the Investor and its affiliates hold (i) at least 40% of shares in HoldCo, the Investor shall be entitled to nominate three managers for appointment to the board of managers of HoldCo; and (ii) at least 20% but less than 40% of shares in HoldCo, the Investor shall be entitled to nominate two managers for appointment to the board of managers of HoldCo. For so long as CKHGTI and its affiliates hold at least 20% of shares in HoldCo, CKHGTI shall be entitled to nominate two managers for appointment to the board of managers of HoldCo. The quorum at a meeting of the board of managers of HoldCo shall be one manager nominated by the Investor and one manager nominated by CKHGTI.

Supervisory board and management board of NetCo

NetCo will have a two-tier board structure comprising a supervisory board and a management board. The supervisory board shall be responsible for the supervisory duties attributed to it under Italian law and for the strategic direction of NetCo, and the management board shall be responsible for the overall management of NetCo.

Each of the Investor and CKHGTI shall be entitled to nominate two supervisory board members, provided that they retain a shareholding of at least 20% in HoldCo. The NetCo supervisory board shall also be constituted by at least three independent supervisory board members made up of professional industry executives with appropriate experience in the digital sector. The quorum at a meeting of the NetCo supervisory board shall be one supervisory board member nominated by the Investor and one supervisory board member nominated by CKHGTI.

The management board shall comprise the senior management team of NetCo, the initial appointments of which shall be agreed on by the parties. The quorum at a meeting of the NetCo management board shall be one management board member nominated by the Investor and one management board member nominated by CKHGTI.

Lock up

Subject to certain exemptions under the SHA, each of CKHGTI and the Investor will undertake that it shall not and it will procure its affiliates not to, during the period from the Closing until the third anniversary of the Closing, directly or indirectly transfer any shares or securities in HoldCo to any person.

Material Underperformance Call Option

The Investor will grant the Material Underperformance Call Option to CKHGTI, whereby CKHGTI may acquire all (but not part only) of the Relevant Securities of the Investor (and of any person that acquires Relevant Securities that were originally issued or transferred to the Investor from time to time) for so long as CKHGTI and W3 are controlled by CKHGTH. The Material Underperformance Call Option is exercisable by CKHGTI at any time from 1 January 2029 until 31 December of the 15th calendar year after Closing if the aggregate EBITDA of the NetCo Group in respect of the four immediately preceding financial years is more than 30% below the projected EBITDA of the NetCo Group specified in the business plan adopted on Closing and that applied in respect of those four financial years. If CKHGTI wishes to exercise the Material Underperformance Call Option, it must serve written notices to the holder(s) of the Relevant Securities specifying, among other things, the offered price and the regulatory clearances needed to complete the transfer of the Relevant Securities. If the price offered by CKHGTI for the Relevant Securities is less than the net investment amount of the holder(s) of the Relevant Securities (in respect of such Relevant Securities), the holder(s) of the Relevant Securities will have the opportunity to first market their Relevant Securities to a third party for a price that is greater than the price offered by CKHGTI. If the holder(s) of the Relevant Securities are unable to sell their Relevant Securities to a third party, CKHGTI shall acquire the Relevant Securities at the offered price.

To the extent required by any law or regulations applicable to CKHGTI or any of its affiliates, completion of the Material Underperformance Call Option would be subject to approval by the requisite majority of shareholders at a general meeting of the Company or any other direct or indirect shareholder of CKHGTI the securities of which are quoted or listed on a recognised stock exchange. If shareholder approval is required but has not been obtained by the day falling nine months after the date of exercise of the Material Underperformance Call Option and the relevant seller elects to proceed, the Material Underperformance Call Option shall be completed at a lower exercise price determined by the relevant seller which CKHGTI is authorised to pay without shareholder approval.

Emergency funding

If NetCo suffers an Anticipated Insolvency Event, a shareholder holding 20% or more of HoldCo's issued shares may require HoldCo to apply for additional debt funding from its shareholders in order to avoid the Anticipated Insolvency Event. Shareholders are not obliged to provide the necessary funding although funding shareholders will have the option to convert their debt funding into equity securities and may also call the Relevant Securities of non-funding shareholders in specified circumstances. To the extent required by any law or regulations applicable to the funding shareholder or any of its affiliates, completion of the call option would be subject to approval by the requisite majority of shareholders at a general meeting of the relevant listed entity. If shareholder approval is required but has not been obtained by the day falling nine months after the date of exercise of such option by the funding shareholder or any of its affiliates, and the relevant non-funding shareholder elects to proceed, the call option shall be completed at a lower exercise price determined by the non-funding shareholder which the funding shareholder is authorised to pay, or that the relevant non-funding shareholder is authorised to receive, without shareholder approval.

Other rights

The SHA also contains other customary and arm's length negotiated provisions regulating the parties' relationship as shareholders of HoldCo, including, among others, transfer restrictions, deadlock resolution, director reserved matters, dividend policy and termination arrangements.

4 FINANCIAL EFFECTS OF THE SUBSCRIPTIONS AND THE TRANSFER

Upon completion of the Subscriptions, HoldCo will cease to be a subsidiary of the Company and will be de-consolidated from the consolidated financial statements of the Group.

Following completion of the Subscriptions and subject to the terms and conditions of the FTA, W3 shall sell and HoldCo shall purchase the NetCo Sale Shares on Closing for a consideration that is equal to the total consideration for the Subscriptions. HoldCo shall apply the proceeds from the Subscriptions to fund the consideration for the Transfer. Upon completion of the Transfer on Closing, NetCo will cease to be a subsidiary of the Company and will be de-consolidated from the consolidated financial statements of the Group.

The Group expects to realise a gain upon Closing. Subject to Closing and based on the information currently available and including (i) the consideration for the Transfer as mentioned above; (ii) the carrying cost for the assets and liabilities as at 31 March 2023 to be de-recognised and the provisions for taxes relating to the Transfer totalling approximately HK\$15.7 billion; (iii) the Group's reclassification adjustments, as at 31 March 2023, of amounts previously recognised in the comprehensive income relating to the Business that are required to be reclassified to income statement of approximately HK\$1.1 billion; and (iv) the exchange rate disclosed in the "Definitions" section of this announcement, the Group estimates the gain (before transaction costs) attributable to Shareholders upon Closing to be approximately HK\$3.8 billion.

The actual amount of the gain to be realised by the Group is subject to audit and will depend on the actual amount/rate for items (i) to (iv) mentioned above at Closing and the actual transaction costs, and therefore will vary from the amount mentioned above.

5 USE OF PROCEEDS

The Group will use the proceeds from the Transfer for general corporate purposes, including but not limited to the funding of capital expenditures and investments in its core business activities.

6 INFORMATION OF THE HOLDCO GROUP

6.1 Basic information of the HoldCo Group

Each of HoldCo and NetCo is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, neither HoldCo nor NetCo has any subsidiaries or operations.

6.2 Financial information of the HoldCo Group

Neither HoldCo nor NetCo has substantive historical financial information as (i) HoldCo and NetCo were incorporated on 12 December 2022 and 14 September 2022, respectively; (ii) no interests in the Business have been accounted for in HoldCo and NetCo as the Contribution has not been completed as at the date of this announcement; and (iii) neither HoldCo nor NetCo has any material assets and liabilities as at the date of this announcement.

In the past, the Group did not separately account for the profit and loss attributable to the Business as (i) the assets and liabilities attributable to the Business were part and parcel to W3's mobile and fixed communications operations in Italy, (ii) the assets attributable to the Business were held together with other assets of W3's mobile and fixed communications operations in Italy, and (iii) the assets attributable to the Business were used primarily by W3 as internal assets to deliver its mobile and fixed communications services in Italy in the ordinary and usual course of business.

The loss before and after tax of HoldCo and NetCo for the period since their respective date of incorporation to 31 December 2022 and their net asset value as at 31 December 2022 are presented in following tables. It should be noted that these losses arose from activities other than the operation of the Business and are only disclosed as required under the Listing Rules.

	Period since the date of incorporation to 31 December 2022	
	<i>EUR</i>	<i>HK\$ equivalent</i>
Loss before and after tax of HoldCo (unaudited)	(5,529)	(47,549)
Loss before and after tax of NetCo (audited)	(547)	(4,704)

	As at 31 December 2022	
	<i>EUR</i>	<i>HK\$ equivalent</i>
Net asset value of HoldCo (unaudited)	6,471	55,651
Net asset value of NetCo (audited)	9,453	81,296

Notes:

- (1) *The unaudited financial information presented above in respect of the loss before and after tax for the period ended 31 December 2022 and the net asset value of HoldCo as at 31 December 2022 are derived from the unaudited financial statements of HoldCo for the period ended and as at 31 December 2022 which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted for use in the European Union ("IFRS"). The audited financial information presented above in respect of the loss before and after tax for the period ended 31 December 2022 and the net asset value of NetCo as at 31 December 2022 are derived from the audited financial statements of NetCo for the period ended and as at 31 December 2022 which are prepared in accordance with IFRS.*
- (2) *As at the date of this announcement, neither HoldCo nor NetCo has any material assets and liabilities as the Business has not been contributed to NetCo and NetCo Sale Shares have not been transferred into HoldCo. For reference, the unaudited net asset value of the Group's interest in the Business as at 31 December 2022 and 31 March 2023, as recorded in W3's shareholder reporting consolidated accounting records, supporting W3's mobile and fixed communications operations in Italy, amounted to approximately HK\$15.9 billion and HK\$15.7 billion, respectively.*

7 INFORMATION OF THE GROUP AND OTHER PARTIES

7.1 The Group

The Group is principally engaged in four core businesses: ports and related services, retail, infrastructure and telecommunications. The diverse businesses of the Group and associated companies operate in about 50 countries/markets across the world.

7.2 CKHGTI

CKHGTI is an indirect wholly-owned subsidiary of CKHGTH and is an investment holding company.

7.3 CKHGTH

CKHGTH is an indirect wholly-owned subsidiary of the Company. CKHGTH together with its subsidiaries is a worldwide operator of telecommunications networks, with operations spanning six European countries and Hong Kong and Macau of the PRC. Its telecom operations in Europe comprise telecommunications businesses in the United Kingdom, Italy, Sweden, Denmark, Austria and Ireland, offering telecommunications services. Its telecom's operations in Hong Kong comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited, which is listed on the Stock Exchange.

7.4 W3

W3 is an indirect wholly-owned subsidiary of the Company. W3 together with its subsidiaries is a leading operator in the mobile and fixed telecommunications and data services sector in Italy strongly oriented towards “in-mobility” communication services, internet mobile access services, broadband, ultrabroadband and fixed-line services as well as convergent fixed-mobile offer.

7.5 The Investor

The Investor is an indirect-wholly owned subsidiary of EQT Infrastructure VI, a fund managed by EQT Fund Management S.à r.l., forming part of the EQT AB group. EQT Fund Management S.à r.l. acts as manager (gérant) of the various investment vehicles comprising the EQT Infrastructure VI fund.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company under the Listing Rules.

8 IMPLICATIONS UNDER THE LISTING RULES

8.1 New Company Establishment

Following completion of the Subscriptions, HoldCo will be owned as to 60% by the Investor and 40% by CKHGTI and cease to be a subsidiary of the Company. HoldCo shall thereafter apply the proceeds from the Subscriptions to fund the acquisition of the NetCo Sale Shares and NetCo will also cease to be a subsidiary of the Company. The Subscriptions constitute a deemed disposal of HoldCo under Rule 14.29 of the Listing Rules and the Transfer constitutes a disposal of NetCo under Rule 14.04(1)(a) of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Subscriptions and the Transfer respectively exceed 5% but are all less than 25%, the New Company Establishment (comprising, among others, the Subscriptions and the Transfer) constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

8.2 Options

Integrated Operator Call Option, Default Call Option, Material Underperformance Call Option and 2W Business Put Option

Each of the Integrated Operator Call Option, Default Call Option, Material Underperformance Call Option and 2W Business Put Option is granted to the Group at no cost and the exercise of which is at the discretion of the Group. Pursuant to Rule 14.75 of the Listing Rules, on the grant of each of these options, only the premium will be taken into consideration for the purpose of classification of notifiable transactions. The grant of such options does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, or give rise to the announcement and shareholders’ approval requirements under that Chapter. The Company will comply with the requirements under Chapter 14 of the Listing Rules as and when such options are exercised.

Integrated Operator Put Option

The Integrated Operator Put Option is exercisable at the discretion of the Investor for an option exercise price that is subject to a cap of EUR3,000,000,000. Under Rule 14.74(1) of the Listing Rules, the grant of the Integrated Operator Put Option is classified as if it had been exercised at the time of the grant. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Integrated Operator Put Option exceed 5% but are all less than 25%, the grant of the Integrated Operator Put Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Default Put Option

The Default Put Option is exercisable at the discretion of the Investor for an option exercise price that is subject to a cap of EUR4,000,000,000. Under Rule 14.74(1) of the Listing Rules, the grant of the Default Put Option is classified as if it had been exercised at the time of the grant. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Default Put Option exceed 5% but are all less than 25%, the grant of the Default Put Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

2W Business Call Option

The 2W Business Call Option is exercisable at the discretion of NetCo, which gives NetCo the right to call the 2W Business at least 18 months from Closing in consideration for the issue of new NetCo shares to W3. W3 shall subsequently transfer such new NetCo shares to HoldCo for EUR1.00.

Under Rule 14.74(1) of the Listing Rules, as the exercise of the 2W Business Call Option is at the discretion of NetCo (which will, after Closing, cease to be a subsidiary of the Company), the grant of the 2W Business Call Option is classified as if it had been exercised at the time of the grant. As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the 2W Business Call Option are less than 5%, the grant of the 2W Business Call Option does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As Closing is conditional on the satisfaction or waiver of certain conditions, there remains a possibility that the Transaction may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

9 DEFINITIONS

“2W Business”	the going concern owned and operated by W3 comprising certain assets and employees which will, from Closing, be dedicated to the provision of services under the SSA
“2W Business Call Option”	an option granted by W3 to NetCo to purchase the 2W Business, which may be exercised by NetCo in its absolute discretion after at least 18 months from Closing
“2W Business Put Option”	an option granted by NetCo to W3 to sell the 2W Business, which may be exercised by W3 in its absolute discretion after at least 24 months from Closing
“Anticipated Insolvency Event”	where (i) the projected 12-month cash flow forecast of the NetCo Group shows that the group will be unable to pay its debts as they fall due at any time within the next 12 months; or (ii) NetCo is in default of its obligations under its third party financing agreement
“Board”	the board of Directors
“Business”	the going concern owned and operated by W3 for the provision, on a wholesale basis, of integrated mobile and fixed communications services comprising, as at the date of the FTA, among other things, network assets, business contracts, owned properties, site permits, business intellectual property rights, employees and liabilities in relation to such business (but excluding the 2W Business)
“Business Day”	a day which is not a Saturday, Sunday or a public holiday in Milan, London, Luxembourg or Hong Kong

“Call Option Deed”	a deed to be entered into by HoldCo, the Investor, CKHGTI and W3 upon Closing in relation to the Default Call Option
“CKHGTH”	CK Hutchison Group Telecom Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, being an indirect wholly-owned subsidiary of the Company
“CKHGTI”	CK Hutchison Group Telecom Italy Investments S.à r.l., a private limited liability company governed by the laws of the Grand Duchy of Luxembourg, being an indirect wholly-owned subsidiary of the Company
“Closing”	the completion of the Transfer in accordance with the FTA
“Company”	CK Hutchison Holdings Limited, an exempted 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)
“Contribution”	the contribution of the Business by W3 to NetCo in consideration for a capital increase of NetCo in accordance with the FTA
“Default Call Option”	a call option to be granted by each of CKHGTI and the Investor to W3 pursuant to the Call Option Deed, whereby W3 may call from CKHGTI and the Investor all (but not part) of their Relevant Securities
“Default Put Option”	a put option to be granted by CKHGTH to the Investor pursuant to the Put Option Deed, whereby the Investor may put to CKHGTH all (but not part) of its Relevant Securities
“Director(s)”	the director(s) of the Company
“EBITDA”	the total consolidated profit for the period from continuing operations of NetCo as calculated pursuant to the SHA
“Euro” or “EUR”	the lawful currency of the member states of the European Union
“FTA”	the framework and transfer agreement dated 12 May 2023, entered into between CKHGTI, W3, the Investor, HoldCo and NetCo, in relation to the Transaction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“HoldCo”	CKHH MSK 22 Investments S.à r.l., a private limited liability company governed by the laws of the Grand Duchy of Luxembourg, being an indirect wholly-owned subsidiary of the Company as at the date of this announcement, and following Closing, will become owned as to 60% by the Investor and 40% by the Group
“HoldCo Group”	HoldCo and any subsidiary undertaking of HoldCo from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Integrated Operator”	defined licensed operators in Italy which provide fixed and/or mobile services on both a wholesale and retail basis in Italy of an agreed size under the SHA
“Integrated Operator Options”	collectively, the Integrated Operator Call Option and the Integrated Operator Put Option

“Integrated Operator Call Option”	a call option to be granted by the Investor to CKHGTI pursuant to the Lock Up and Option Deed, whereby CKHGTI may call all (but not some only) of the Investor’s Relevant Securities
“Integrated Operator Put Option”	a put option to be granted by CKHGTI to the Investor pursuant to the Lock Up and Option Deed, whereby the Investor may put all (but not some only) of its Relevant Securities
“Investor”	Marconi TopCo S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) governed by the laws of the Grand Duchy of Luxembourg, being an indirect-wholly owned subsidiary of EQT Infrastructure VI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock Up and Option Deed”	the lock up and option deed dated 12 May 2023, entered into between CKHGTI and the Investor in relation to, among others, the Integrated Operator Options
“Material Underperformance Call Option”	a call option to be granted by the Investor to CKHGTI pursuant to the SHA, whereby CKHGTI may call the Relevant Securities from its holder(s) in the event of a material underperformance of the NetCo Group
“MIP Shares”	the shares held by EQT Infrastructure VI (or its affiliates) in the general partner of any partnership established for the purpose of a HoldCo Group management incentive plan
“MSA”	a master services agreement to be entered into between W3 and NetCo upon Closing
“NetCo”	CKHH MSK 22 S.r.l., a limited liability company incorporated in Italy, being an indirect wholly-owned subsidiary of the Company as at the date of this announcement and will following Closing, become a subsidiary of HoldCo
“NetCo Group”	NetCo and any subsidiary undertaking of NetCo
“NetCo Sale Shares”	the entire issued share capital of NetCo (other than one non-voting share of NetCo which shall remain held by W3) to be acquired by HoldCo from W3 pursuant to the Transfer
“New Company Establishment”	the establishment of the HoldCo Group by CKHGTI and the Investor pursuant to the FTA, which will involve (amongst others) the Contribution, the Subscriptions and the Transfer
“Options”	the Integrated Operator Options, the Default Put Option, the Default Call Option, the Material Underperformance Call Option, the 2W Business Call Option and the 2W Business Put Option
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Put Option Deed”	a deed to be entered into by the Investor, CKHGTH and HoldCo upon Closing in relation to the Default Put Option

“Relevant Securities”	all shares and securities in the HoldCo Group and the MIP Shares held by the relevant person(s), and all loans made by the relevant person(s) to HoldCo
“SHA”	a shareholders’ agreement to be entered into between CKHGTI, the Investor, HoldCo and NetCo upon Closing
“Shareholder Debt”	a liability (including principal and interest) owed by W3 to its direct shareholder as at the date of the Contribution, which will be transferred to NetCo by way of the Contribution
“Shareholders”	the holders of the shares of the Company
“Specified Transaction”	has the meaning ascribed to it in the section headed “3.2 Lock Up and Option Deed – <i>No Specified Transaction</i> ”
“SSA”	a support services agreement to be entered into between W3 and NetCo upon Closing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the subscription of shares in HoldCo by CKHGTI and the Investor pursuant to the FTA
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the transactions and steps contemplated under the FTA (including the grant of the Options) required in connection with the New Company Establishment
“Transfer”	the transfer of the NetCo Sale Shares from W3 to HoldCo pursuant to the FTA
“W3”	Wind Tre S.p.A., a joint stock company incorporated in Italy, being an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement, the conversion of amounts in Euro into Hong Kong dollars has been made at the rate of HK\$8.6 to EUR1.00. The conversion should not be construed as a representation that amounts in Euro have been, or could be, converted into Hong Kong dollars at this or any other rate.

By Order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 12 May 2023

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

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*)
Ms Edith SHIH

Non-executive Directors:

Mr CHOW Kun Chee, Roland
Mrs CHOW WOO Mo Fong, Susan
Mr LEE Yeh Kwong, Charles
Mr George Colin MAGNUS

Independent Non-executive Directors:

Mr Philip Lawrence KADOORIE
Ms LEE Wai Mun, Rose
Mrs LEUNG LAU Yau Fun, Sophie
Mr Paul Joseph TIGHE
Mr WONG Kwai Lam
Dr WONG Yick-ming, Rosanna