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CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL
RELATING TO THE PROPOSED ACQUISITION OF
THE TARGET HOLDCOS
IN CONSIDERATION FOR THE ISSUE OF CONSIDERATION SHARES
UNDER A SPECIFIC MANDATE**

**(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF THE COMPANY TO
BUY-BACK UP TO 333,333,333 SHARES AT HK\$51.00 PER SHARE**

(3) APPLICATION FOR THE WHITEWASH WAIVER

AND

(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Shareholders
and the Independent Board Committee**

ANGLO CHINESE
CORPORATE FINANCE, LIMITED **英高**

INTRODUCTION

The Board is pleased to announce the Proposal, which comprises (A) the Proposed Acquisition of the Target Holdcos from LKSF in consideration of the issue of the Consideration Shares and (B) the Share Buy-back Proposal (which includes the Share Buy-back Offer).

The Proposed Acquisition and the Share Buy-back Offer are inter-conditional on each other.

OBJECTIVES OF THE PROPOSAL

The Proposal aims to enhance the Company's investment portfolio of assets that provide stable recurrent cash flow while minimising any dilutive impact on the shareholding interest of the Shareholders. The Proposed Acquisition will allow the Company to acquire a sizeable and high quality portfolio of assets. Although the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of approximately HK\$17 billion of cash to acquire cash flow generating assets, thereby enhancing returns per Share to the Shareholders.

PART A – THE PROPOSED ACQUISITION AND THE ISSUE OF CONSIDERATION SHARES

THE PROPOSED ACQUISITION

The Board announces that on 18 March 2021 (after trading hours), the Company (as the purchaser) and LKSF (as the seller) entered into the Share Purchase Agreement pursuant to which the Company has agreed to purchase, and LKSF has agreed to sell or procure the sale of, the Target Holdcos for the Purchase Price of HK\$17 billion.

Completion of the Proposed Acquisition is conditional upon, among other things, the Proposed Acquisition, the Specific Mandate, the Share Buy-back Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM.

Completion is expected to take place within five business days after all of the conditions precedent to Completion have been fulfilled or (if relevant) waived (or such other date as may be agreed between the Company and LKSF in writing). If the Acquisition Conditions are not fulfilled or waived (as applicable) by 31 August 2021 (or such other date as may be agreed in writing between the Company and LKSF), the Share Purchase Agreement will automatically terminate and the Proposal (including the Share Buy-back Offer) will lapse.

CASH DISTRIBUTIONS BY THE TARGET COMPANIES TO THE TARGET HOLDCO GROUP

Under the terms of the Proposed Acquisition, LKSF will ensure that the Target Holdco Group receives cash distributions comprising dividends, interest and other distributions (the “**Cash Distributions**”) of not less than HK\$910 million in aggregate, directly or indirectly, from the Target Companies in respect of each of the years ending 31 December 2021 and 2022 (the “**Guarantee Period**”). If the aggregate amount of the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than HK\$910 million in respect of either year of the Guarantee Period, LKSF will pay the shortfall amount to Target Holdco Group.

PROPOSED DIVIDEND ARRANGEMENTS OF THE COMPANY FOR 2021 AND 2022

Following receipt of the Cash Distributions by the Target Holdco Group, directly or indirectly, from the Target Companies (and/or any shortfall payment received by the Target Holdco Group from LKSF) in respect of the Guarantee Period, the Company intends to distribute such amounts in full by way of dividend to Shareholders whose names appear on the register of members of the Company on the record date for determining the entitlement to such dividend. Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ending 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

THE ISSUE OF THE CONSIDERATION SHARES AND THE SPECIFIC MANDATE

The Purchase Price will be satisfied in full by the issue of 333,333,333 Consideration Shares by the Company to LKSF (or an affiliate of LKSF) at a price of HK\$51.00 per Share pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

The Consideration Share Price represents a premium of approximately 10.0% to the average closing price of HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on 18 March 2021, and a premium of approximately 8.4% to the closing price of the Shares of HK\$47.05 per Share as quoted on the Stock Exchange on 18 March 2021.

The Consideration Shares represent approximately 9.03% of the existing total issued Shares as at the date of this announcement, approximately 9.03% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming the Share Buy-back Proposal is completed in full) and approximately 8.28% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming no Shares are bought-back pursuant to the Share Buy-back Proposal). An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of approximately 35.99% of the total issued Shares. LKSF is a person acting in concert with, and may be regarded as close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, and may therefore be regarded as a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PART B – THE SHARE BUY-BACK PROPOSAL

THE SHARE BUY-BACK PROPOSAL

The Board further announces the Share Buy-back Proposal, pursuant to which the Company proposes to buy-back for cancellation up to the Maximum Number of Shares, which is the same as the number of Consideration Shares to be issued by the Company for the Proposed Acquisition. The Share Buy-back Proposal will be implemented through (i) the Share Buy-back Offer to all Qualifying Shareholders (so that all Qualifying Shareholders can participate should they wish) and (ii) possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares.

THE SHARE BUY-BACK OFFER

Pursuant to the Share Buy-back Offer, an offer will be made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 333,333,333 Shares, which is the same as the number of Consideration Shares to be issued pursuant to the Proposed Acquisition, representing approximately 9.03% of the total issued Shares as at the date of this announcement, at the price of HK\$51.00 per Share. The Shares to be bought-back by the Company pursuant to the Share Buy-back Offer will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Share Buy-back Offer.

The Share Buy-back Offer is conditional upon, among other things, the Share Buy-back Offer, the Proposed Acquisition and the Whitewash Waiver being approved by the Independent Shareholders at the EGM.

The Share Buy-back Offer, if accepted in full, will result in the Company paying approximately HK\$17 billion to the Accepting Shareholders. The consideration for the Share Buy-back Offer will be paid in cash and will be funded by cash resources of the Group.

The Offer Price represents a premium of approximately 10.0% to the average closing price of HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on 18 March 2021, and a premium of approximately 8.4% to the closing price of the Shares of HK\$47.05 per Share as quoted on the Stock Exchange on 18 March 2021.

POSSIBLE ON-MARKET SHARE BUY-BACK

If valid acceptances received under the Share Buy-back Offer are less than the Maximum Number of Shares, the Company intends to seek to buy-back all or part of the shortfall through on-market share buy-backs from time to time at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer, utilising the share buy-back mandate from Shareholders to be obtained at the Company's 2021 annual general meeting. Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeper Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders.

The Company has no intention to buy-back Shares on-market other than the buy-back of the shortfall (if any) between the number of valid acceptances received under the Share Buy-back Offer and the Maximum Number of Shares.

If the subsequent on-market share buy-backs (or any other purchase of Shares) cause the aggregate holding of voting rights of the Company owned or controlled by the Controlling Shareholder Group to increase by more than 2% from the percentage of voting rights held by the Controlling Shareholder Group immediately following completion of the Proposed Acquisition and the Share Buy-back Offer, the Controlling Shareholder Group would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Controlling Shareholder Group.

The Whitewash Waiver (as further described in the section headed "*Takeovers Code Implications of the Proposal and Application for the Whitewash Waiver – The Whitewash Waiver*" below), if granted by the Executive and approved by the Independent Shareholders at the EGM, would only apply to waive LKSF's obligation to make a mandatory general offer as a result of the Proposed Acquisition and the Share Buy-back Offer.

THE 2020 FINAL DIVIDEND

As disclosed in the annual results announcement of the Company dated 18 March 2021, the Directors have recommended the payment of a final cash dividend in respect of the year ended 31 December 2020 to Shareholders whose names appear on the register of members of the Company on the Final Dividend Record Date. Accordingly, Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the register of members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 annual general meeting) and (ii) the Offer Price per Share.

PART C – TAKEOVERS CODE IMPLICATIONS OF THE PROPOSAL AND APPLICATION FOR THE WHITEWASH WAIVER

SPECIAL DEAL

As the Share Purchase Agreement is between the Company (the offeror for the purposes of the Share Buy-Back Offer) and LKSF (being a Shareholder), and is not capable of being extended to all the Shareholders, the Proposed Acquisition constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser stating that in its opinion the terms of the Proposed Acquisition are fair and reasonable and (ii) the approval of the Proposed Acquisition by the Independent Shareholders by way of poll at the EGM.

WHITEWASH WAIVER

As at the date of this announcement, the Controlling Shareholder Group (including LKSF) directly and/or indirectly holds an aggregate of 1,329,354,560 Shares, representing approximately 35.99% of the total issued Shares. Following the allotment and issue of the Consideration Shares to LKSF (or an affiliate of LKSF) and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, the shareholding of the Controlling Shareholder Group in the Company will be increased to 1,662,687,893 Shares in aggregate, representing approximately 45.02% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Share Buy-back Offer. As the implementation of the Proposed Acquisition and the Share Buy-back Offer will increase the Controlling Shareholder Group's aggregate holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, LKSF would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group.

The Controlling Shareholder Group have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the date of this announcement.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM.

WARNING

The Proposal is subject to all of the Conditions being fulfilled or waived (as applicable) and therefore may or may not become unconditional. If any of the Conditions is not fulfilled or waived (as applicable), the Proposal will not proceed and will immediately lapse. Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

PART D – INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER AND GENERAL INFORMATION

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, who have no interest in the Proposal (including the Special Deal and the Whitewash Waiver) other than as Shareholders, has been formed to advise the Independent Shareholders on the Proposal (including the Special Deal and the Whitewash Waiver).

With the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code, the Company has appointed Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of Proposal (including the Special Deal and the Whitewash Waiver) and as to voting by the Independent Shareholders. The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be included in the Circular and Offer Document to be despatched to the Independent Shareholders by the Company.

GENERAL

The EGM is currently expected to be held on or around 13 May 2021 for the Independent Shareholders to consider and, if thought fit, approve the Proposal (including the Special Deal and the Whitewash Waiver).

The Controlling Shareholder Group, the Executive Directors and the LKSF Directors will abstain from voting on the resolutions in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal and the Specific Mandate) at the EGM.

The Circular and Offer Document will contain, among other things, (i) details of the Proposal, including the Share Purchase Agreement, the Special Deal and the Whitewash Waiver, (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) the property valuation reports on the property interests of the Company and (v) notice of the EGM. In order to allow the Company sufficient time to prepare the Circular and Offer Document (including the property valuation reports on the property interests of the Company), the Company will make an application to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to allow the Circular and Offer Document to be despatched to Shareholders later than 21 days from the date of this announcement. The Circular and Offer Document is expected to be despatched to the Shareholders on or around 26 April 2021.

INTRODUCTION

The Board is pleased to announce the Proposal, which comprises (A) the Proposed Acquisition of the Target Holdcos from LKSF in consideration of the issue of the Consideration Shares and (B) the Share Buy-back Proposal (which includes the Share Buy-back Offer).

The Proposed Acquisition and the Share Buy-back Offer are inter-conditional on each other.

Subject to the fulfilment or waiver (as applicable) of the conditions to the Proposal, it is expected that the Proposal will be completed around the end of the first half of 2021.

OBJECTIVE OF THE PROPOSAL

The Proposal aims to enhance the Company's investment portfolio of assets that provide stable recurrent cash flow while minimising any dilutive impact on the shareholding interest of the Shareholders. The Proposed Acquisition will allow the Company to acquire a sizeable and high quality portfolio of assets. Although the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of approximately HK\$17 billion of cash to acquire cash flow generating assets, thereby enhancing returns per Share to the Shareholders.

REASONS FOR, AND BENEFITS OF, THE PROPOSAL

The Proposal provides the opportunity for the Company to expand its investment portfolio and enhance shareholder value and continues its stated investment strategy.

The key reasons for, and the benefits of, the Proposal are as follows:

1. Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk

The Proposed Acquisition is in line with the Company's stated corporate strategy of actively pursuing quality investment opportunities in and outside of Hong Kong that provide stable recurrent revenue and growth potential in order to improve the quality of the Group's earnings as well as cash flows, and increase its recurrent income.

The Proposed Acquisition represents a rare opportunity for the Company to acquire interests in a sizeable and high quality portfolio of assets comprising the Target Companies. The Proposed Acquisition would involve lower execution risk than would be the case with assets in which the Company had no prior interests since it already holds economic interests in three of the Target Companies (namely, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy).

The Proposed Acquisition would also allow the Company to further expand its investment portfolio without the need to go through a competitive auction process.

The Company has cash to deploy and has been actively searching for investment opportunities that would increase the proportion of its stable recurrent revenue base. As at 31 December 2020, the Group's bank balances and deposits amounted to approximately HK\$59.5 billion. While the Company would satisfy the Purchase Price for the Proposed Acquisition by issuing the Consideration Shares and thereby leave such excess funds unused, the Share Buy-back Proposal would allow the Group to offset the impact of issuing the Consideration Shares using cash. Assuming the Share Buy-back Proposal is completed in full, the net effect of the Proposal for the Company would effectively be the acquisition of the Target Holdcos for cash.

2. Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group

With a view to delivering sustainable shareholder returns, the Group has been actively pursuing attractive investments that provide stable revenue to improve the quality of its earnings and cash flow and increase its recurrent income. The Group has established a diversified investment portfolio with stable recurrent revenue as a result of various quality investments and acquisitions made in recent years across different sectors and geographies.

For the year ended 31 December 2020, the Group's profit contribution from the infrastructure and utility asset operation (as disclosed in the Company's 2020 results announcement) was HK\$4,488 million. The recurrent profit contribution was HK\$8,695 million for the year ended 31 December 2020.

The Proposed Acquisition is expected to create an additional stream of stable income for the Group. Of the Target Companies, the assets under three of the Target Companies (namely, UK Power Networks, Northumbrian Water and Wales & West Utilities) are regulated infrastructure assets in the United Kingdom, while the remaining Target Company (namely, Dutch Enviro Energy) owns a long-term contracted cash flow producing business. See the section headed "*Information About the Parties, the Target Holdcos and the Target Companies*" below, for selected financial information on the Target Companies.

3. Financially accretive transaction

The effect of the Proposal, if the Share Buy-back Proposal is completed in full, would be to allow the Company to acquire interests in a sizeable and high quality portfolio comprising the Target Holdcos for cash. Although the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of approximately HK\$17 billion of cash to acquire cash flow generating assets.

Based on the Purchase Price for the Target Holdcos and the guaranteed Cash Distributions from the Target Companies for the two year Guarantee Period, the implied cash distribution yield generated from the Target Holdcos would be 5.35%.

Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of each of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ended 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

Further details of the financial effects of the Proposal will be set out in the Circular and Offer Document to be despatched to the Shareholders on or around 26 April 2021.

4. Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of announcement

The Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a premium to the recent historic market prices of the Shares if they so wish. The Company's three-month average daily traded volume is 9.4 million Shares and the Share Buy-back Offer will be for up to a maximum of 333,333,333 Shares, therefore representing a liquidity event for Shareholders to monetise with price certainty.

PART A – THE PROPOSED ACQUISITION AND THE ISSUE OF THE CONSIDERATION SHARES

1. INTRODUCTION

On 18 March 2021 (after trading hours), the Company (as the purchaser) and LKSF (as the seller) entered into the Share Purchase Agreement pursuant to which the Company has agreed to purchase, and LKSF has agreed to sell or procure the sale of, the Target Holdcos for the Purchase Price of HK\$17 billion.

2. THE PROPOSED ACQUISITION

The principal terms of the Proposed Acquisition are set out below.

(a) Target Holdcos

The Target Holdcos comprise:

- (a) Eagle Frame Limited, which has an indirect 20% shareholding interest in UK Power Networks;
- (b) Mondrem Corporation, which has an indirect 20% shareholding interest in Northumbrian Water;
- (c) Moonstone Global Investment Limited, which has an indirect 10% shareholding interest in Wales & West Utilities; and

- (d) Gerbera Investments Limited, which has a direct 10% shareholding interest in Dutch Enviro Energy.

Purchase Price and Consideration Shares

The Purchase Price for the Target Holdcos payable by the Company is HK\$17 billion, which was determined after negotiation on an arm's length basis with LKSF, with reference to, among other things, the overall financial position and performance of the Target Companies.

The Purchase Price will be satisfied in full by the issue of 333,333,333 Consideration Shares to LKSF (or an affiliate of LKSF) pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares represent approximately 9.03% of the existing total issued Shares as at the date of this announcement, approximately 9.03% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming the Share Buy-back Proposal is completed in full) and approximately 8.28% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming no Shares are bought-back pursuant to the Share Buy-back Proposal). An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be issued at the price of HK\$51.00 per Share, which was determined after arm's length negotiation with reference to the prevailing market price of the Shares and which represents:

- (i) a premium of approximately 8.4% to the closing price of HK\$47.05 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (ii) a premium of approximately 9.8% to the average closing price of HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days ending on the date of the Share Purchase Agreement;
- (iii) a premium of approximately 10.0% to the average closing price of HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement;
- (iv) a premium of approximately 16.4% to the average closing price of HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days ending on the date of the Share Purchase Agreement;
- (v) a premium of approximately 21.5% to the average closing price of HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days ending on the date of the Share Purchase Agreement;
- (vi) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the date of the Share Purchase Agreement based on the closing price as quoted on the Stock Exchange on 11 May 2020; and
- (vii) a discount of approximately 46.9% to the latest net assets per Share attributable to shareholders of the Company as at 31 December 2020, being HK\$96.02 per Share.

The Consideration Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue.

(b) Conditions to Completion

Completion of the Proposed Acquisition is conditional upon the fulfilment of the following conditions precedent:

- (i) the Proposed Acquisition and the Specific Mandate for the issue of the Consideration Shares having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM;
- (ii) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM;
- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) no regulatory authority under any applicable foreign investment regulation having objected to, or taken any action that would prevent closing in relation to, the increase in the percentage ownership of the Controlling Shareholder Group as a result of the Proposed Acquisition and the Share Buy-back Offer by way of notification in writing on or prior to the date of the EGM, and no mandatory and suspensory foreign investment filing being required under new regulations which are not applicable as at the date of this announcement but which come into force prior to the date of the EGM; and
- (v) all of the conditions to the Share Buy-back Offer (other than the condition specifying that all of the conditions to the Proposed Acquisition have been satisfied) having been satisfied,

together the “**Acquisition Conditions**”.

The Acquisition Condition under paragraph (iv) above is waivable by the Company. The other Acquisition Conditions may not be waived by the parties to the Share Purchase Agreement. As at the date of this announcement, none of the Acquisition Conditions has been fulfilled or waived (as applicable).

If the Acquisition Conditions are not fulfilled or waived (as applicable) by 31 August 2021 (or such other date as may be agreed in writing between the Company and LKSF), the Share Purchase Agreement shall automatically terminate and the Proposal (including the Share Buy-back Offer) will lapse.

(c) Completion

Completion of the Proposed Acquisition will take place within five business days after all of the Acquisition Conditions are fulfilled or waived (as applicable) (or such other date as may be agreed between the Company and LKSF in writing).

(d) Cash Distributions by the Target Companies to the Target Holdco Group

Under the terms of the Proposed Acquisition, LKSF will ensure that the Target Holdco Group receives cash distributions comprising dividends, interest and other distributions (the “**Cash Distributions**”) of not less than HK\$910 million in aggregate, directly or indirectly, from the Target Companies in respect of each of the years ending 31 December 2021 and 2022 (the “**Guarantee Period**”). If the aggregate amount of the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than HK\$910 million in respect of either year of the Guarantee Period, LKSF will pay the shortfall amount to the Target Holdco Group.

(e) Proposed Dividend Arrangements of the Company for 2021 and 2022

Following receipt of the Cash Distributions by the Target Holdco Group, directly or indirectly, from the Target Companies (and/or any shortfall payment received by the Target Holdco Group from LKSF) in respect of the Guarantee Period, the Company intends to distribute such amounts in full by way of dividend to Shareholders whose names appear on the register of members of the Company on the record date for determining the entitlement to such dividend.

Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of each of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ended 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

3. RECOMMENDATION OF THE BOARD

Having regard to the reasons for, and benefits of, the Proposal (including the Proposed Acquisition) as set out above, the Directors (other than the members of the Independent Board Committee, who will provide their opinion after taking into account the advice of the Independent Financial Adviser, details of which will be included in the Circular and Offer Document) believe that the terms of the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate are fair and reasonable and in the interests of the Shareholders as a whole.

As LKSF is a person acting in concert with, and may be regarded as a close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, Mr. Li has a material interest in the Proposal and has therefore abstained from voting on the board resolutions of the Company for approving the Proposal (including the Proposed Acquisition and the Share Buy-back Offer).

As Ms. PAU Yee Wan, Ezra is a Director and a LKSF Director, Ms. Pau has a material interest in the Proposal and has therefore abstained from voting on the board resolutions of the Company for approving the Proposal (including the Proposed Acquisition and the Share Buy-back Offer).

Save as disclosed above, none of the Directors had a material interest in the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate and no Director (other than the members of the Independent Board Committee, who will provide their opinion after taking into account the advice of the Independent Financial Adviser, details of which will be included in the Circular and Offer Document) has abstained from voting on the relevant resolutions of the Board.

4. INFORMATION ABOUT THE PARTIES, THE TARGET HOLDCOS AND THE TARGET COMPANIES

(a) LKSF

LKSF is a charitable organisation established to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. LKSF is a person acting in concert with, and may be regarded as a close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company.

As at the date of this announcement, the directors of LKSF are Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Mr. Chong Hoi Shan, Mr. Chong Hoi Hei, Charles, Ms. Pau Yee Wan, Ezra, Mr. Chow Kun Chee, Roland, Mr. Lee Yeh Kwong, Charles, Mrs. Lee Pui Ling, Angelina, Ms. Chau Hoi Shuen, Solina, Ms. Eirene Yeung, Mr. George Colin Magnus, Mr. Frank John Sixt, Mr. Kan Yuet Loong, Ms. Au Siu Yin, Amy, Ms. Li Michelle Sarah Si De and Mr. Man Ka Keung, Simon.

(b) Eagle Frame Limited and UK Power Networks

Eagle Frame Limited is an investment holding company and an indirect non-wholly owned subsidiary of LKSF. As at the date of this announcement, LKSF directly holds 70% of the shareholding interest in Fortune Cone Limited, which in turn indirectly holds 100% of the shareholding interest in Eagle Frame Limited. The remaining 30% of the shareholding interest in Fortune Cone Limited is held by LKSGF.

Eagle Frame Limited holds an indirect 20% shareholding interest in UK Power Networks, which was acquired for an initial acquisition cost of HK\$6,305 million in 2010. UK Power Networks' RAV has increased from GBP4.4 billion as at 31 December 2010 to GBP6.3 billion as at 31 March 2020. Other than the indirect shareholding interest in UK Power Networks, Eagle Frame Limited does not hold any other assets or businesses. See the section headed "*(h) Other Information*" below for details of the remaining ownership interests in UK Power Networks.

UK Power Networks, a company incorporated in the United Kingdom, is one of the United Kingdom's largest power distributors comprising three regional networks with a distribution area that covers London, the south east and the east of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites.

(c) Mondrem Corporation and Northumbrian Water

Mondrem Corporation is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 20% shareholding interest in Northumbrian Water, which was acquired for an initial acquisition cost of HK\$5,527 million in 2011. Northumbrian Water's RCV has increased from GBP3.6 billion as at 31 March 2012 to GBP4.3 billion as at 31 March 2020. See the section headed "*(h) Other Information*" below for details of the remaining ownership and economic interests in Northumbrian Water.

In addition to the indirect shareholding interest in Northumbrian Water, Mondrem Corporation also holds an indirect 20% shareholding interest in Northumbrian Services Limited and UK Water (2011) Limited.

Northumbrian Services Limited, a company incorporated in the United Kingdom, is principally engaged in the business of waste water services. It does not contribute materially to the financial results of Mondrem Corporation.

UK Water (2011) Limited, a company incorporated in the United Kingdom, is currently dormant and does not contribute materially to the financial results of Mondrem Corporation.

Save as disclosed above, Mondrem Corporation does not hold any other assets or businesses.

Northumbrian Water, a company incorporated in the United Kingdom, is one of the 10 regulated water and sewerage companies in England and Wales and supplies water and sewerage services in the north east of England and supplies water services to the south east of England.

(d) Moonstone Global Investment Limited and Wales & West Utilities

Moonstone Global Investment Limited is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 10% shareholding interest in Wales & West Utilities, which was acquired for an initial acquisition cost of HK\$815 million in 2012. Wales & West Utilities' RAV has increased from GBP1.8 billion as at 31 March 2013 to GBP2.2 billion as at 31 March 2020. Other than the indirect shareholding interest in Wales & West Utilities, Moonstone Global Investment Limited does not hold any other assets or businesses. See the section headed "*(h) Other Information*" below for details of the remaining ownership and economic interests in Wales & West Utilities.

Wales & West Utilities, a company incorporated in the United Kingdom, principally operates a gas distribution network that serves Wales and the south west of England.

(e) Gerbera Investments Limited and Dutch Enviro Energy

Gerbera Investments Limited is an investment holding company and a direct wholly-owned subsidiary of LKSF. It holds a direct 10% shareholding interest in Dutch Enviro Energy, which was acquired for an initial acquisition cost of HK\$574 million in 2013. Dutch Enviro Energy's EBITDA has increased from EUR114 million for the year ended 31 December 2014 (based on its audited accounts) to EUR134 million for the year ended 31 December 2020 (based on its unaudited accounts). Other than the direct shareholding interest in Dutch Enviro Energy, Gerbera Investments does not hold any other assets or businesses. See the section headed "*(h) Other Information*" below for details of the remaining ownership and economic interests in Dutch Enviro Energy.

Dutch Enviro Energy, a company incorporated in the Netherlands, owns the largest energy-from-waste player in the Netherlands, AVR-Afvalwerking B.V., which operates five waste treatment plants in Rozenburg and Duiven as well as four transfer stations.

(f) Selected Financial Information on the Target Holdcos

The following table sets out selected financial information on the Target Holdcos for the last two financial years:

(HK\$ million)	Net assets	Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss)⁽²⁾		Profit before taxation for the year⁽³⁾	
		2019	2020	2019	2020
Financial year ended 31 December⁽¹⁾	2020	2019	2020	2019	2020
Eagle Frame Limited	8,022	633	636	845	2,591
Mondrem Corporation	3,776	253	245	509	567
Moonstone Global Investment Limited	1,103	48	48	71	66
Gerbera Investments Limited	978	52	49	77	310
Total	13,879	986	978	1,502	3,534

Notes:

- (1) Financial information for Eagle Frame Limited, Mondrem Corporation and Moonstone Global Investment Limited for 2019 and 2020 and financial information for Gerbera Investments Limited for 2020 are based on the unaudited accounts of the respective companies. Financial information for Gerbera Investments Limited for 2019 is based on its audited accounts.
- (2) For each Target Holdco, profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) and profit (i) after taxation; (ii) before gain on fair value changes of financial assets; and (iii) before exchange gain / (loss) are the same, given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020.
- (3) Profit before taxation and profit for the year for each Target Holdco are the same given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020.

Pursuant to Rule 10 of the Takeovers Code, the unaudited profits before taxation and profit for the year and net assets of the Target Holdcos as set out above, which are required to be disclosed pursuant to Rules 14.58 and 14A.68 of the Listing Rules (the “**Required Financial Information**”) constitute a profit forecast and must be reported on by the Company’s financial adviser and its auditors or accountants in accordance with the Takeovers Code and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code.

As there is insufficient time to prepare the required reports on the Required Financial Information in compliance with the requirements of Rule 10 of the Takeovers Code, the Required Financial Information disclosed in this announcement does not meet the standard and has not been prepared as required by Rule 10 of the Takeovers Code. According to practice note 2 to the Takeovers Code on issues relating to profit forecasts under Rule 10 of the Takeovers Code dated 31 March 2015, as the only reason for the disclosure of these unaudited figures is the requirement of the Listing Rules, the Required Financial Information can be included in this announcement without full compliance with Rule 10 of the Takeovers Code.

Shareholders and potential investors should, however, exercise caution in placing reliance on the Required Financial Information in assessing the merits and demerits of the Proposal. The Company will replace the Required Financial Information with audited financial information of the Target Holdcos in the Circular and Offer Document. Such audited financial information will not constitute a profit forecast for the purpose of Rule 10 of the Takeovers Code.

(g) Selected Financial Information on the Target Companies

Set out below is the EBITDA of the Target Companies in the local currency and in HK\$. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation. EBITDA is a non-IFRS financial measure.

EBITDA (local currency)

	Currency and unit	Financial year ended	Based on audited accounts ⁽¹⁾		
			2018	2019	2020
UK Power Networks	GBP million	31 March	1,217	1,204	1,270
Northumbrian Water	GBP million	31 March	486	488	506
Wales & West Utilities	GBP million	31 March	243	265	313
Dutch Enviro Energy	EUR million	31 December	120	130	134

Notes:

- (1) Based on audited accounts, except for the EBITDA of Dutch Enviro Energy for the year ended 31 December 2020 which is based on unaudited accounts.

EBITDA (HK\$)

	Currency and unit	Financial year ended	2018	2019	2020
UK Power Networks	HK\$ million	31 March	13,131	12,991	13,703
Northumbrian Water	HK\$ million	31 March	5,244	5,266	5,460
Wales & West Utilities	HK\$ million	31 March	2,622	2,859	3,377
Dutch Enviro Energy	HK\$ million	31 December	1,109	1,201	1,238

Set out below is the regulatory asset value (“**RAV**”)⁽¹⁾ or regulatory capital value (“**RCV**”)⁽²⁾ and net debt of the Target Companies in the local currency and in HK\$.

RAV / RCV and net debt (excluding shareholders’ loan) (local currency)

	Currency and unit	RAV / RCV as at 31 March 2020	Net debt (excluding shareholder loan) as at 31 March 2020 or 31 December 2020
UK Power Networks	GBP billion	6.3 ⁽¹⁾	4.6 ⁽³⁾
Northumbrian Water	GBP billion	4.3 ⁽²⁾	3.2 ⁽³⁾
Wales & West Utilities	GBP billion	2.2 ⁽¹⁾	1.5 ⁽³⁾
Dutch Enviro Energy	EUR billion	n/a	0.3 ⁽⁴⁾

Notes:

- (1) RAV is the value ascribed by the relevant regulator to the capital employed in the company’s regulated business (i.e. the regulated asset base).
- (2) RCV is a measure published by the relevant regulator and is primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV.
- (3) As at 31 March 2020 based on the audited accounts.
- (4) As at 31 December 2020 based on the unaudited accounts.

RAV / RCV and net debt (excluding shareholders’ loan) (HK\$)

	Currency and unit	RAV / RCV as at 31 March 2020	Net debt (excluding shareholder loan) as at 31 March 2020 or 31 December 2020
UK Power Networks	HK\$ billion	68.3	49.4 ⁽¹⁾
Northumbrian Water	HK\$ billion	46.6	34.3 ⁽¹⁾
Wales & West Utilities	HK\$ billion	23.9	16.0 ⁽¹⁾
Dutch Enviro Energy	HK\$ billion	n/a	2.9 ⁽²⁾

Notes:

- (1) As at 31 March 2020.
- (2) As at 31 December 2020.

(h) Other Information

The Proposed Acquisition will simplify the holding structure of the Target Holdcos by reducing in part the joint holdings in the Target Holdcos with the Company’s connected persons.

As at the date of this announcement, the Group has invested in the economic benefits arising from the performance of three of the Target Companies (namely, Dutch Enviro Energy, Northumbrian Water and Wales & West Utilities). Pursuant to the Economic Benefits Agreement dated 31 August 2018 entered into between Henley Riches Limited (a subsidiary of CKHH), CKHH and Team Ace Enterprises Limited (a subsidiary of the Company), the Group will receive 40% of the economic benefits comprising amounts which include 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 31 October 2018 arising from the performance of a portfolio of infrastructure assets, including Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy. For further details of the Economic Benefits Agreement, please see the Company's announcement of 31 August 2018.

Upon completion of the Proposed Acquisition, LKSF and LKSGF will cease to have any interest in the Target Companies, and the minority interests in the Target Companies held by LKSF and LKSGF would be amalgamated with the economic interests in the same assets held by the Group. See the chart below for further details.

Before completion of the Proposed Acquisition

	Ownership interests						Economic interests ^{3,4}					
	Company	LKSF	CKHH ¹	CKI ²	PAH	Total	Company	LKSF	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	-	20%	-	40%	40%	100%	-	20%	-	40%	40%	100%
Northumbrian Water	-	20%	40%	40%	-	100%	16%	20%	4%	52%	8%	100%
Wales & West Utilities	-	10%	30%	30%	30%	100%	12%	10%	3%	39%	36%	100%
Dutch Enviro Energy	-	10%	35%	35%	20%	100%	14%	10%	4%	46%	27%	100%

After completion of the Proposed Acquisition

	Ownership interests					Economic interests ^{3,4}				
	Company	CKHH ¹	CKI ²	PAH	Total	Company	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	20%	-	40%	40%	100%	20%	-	40%	40%	100%
Northumbrian Water	20%	40%	40%	-	100%	36%	4%	52%	8%	100%
Wales & West Utilities	10%	30%	30%	30%	100%	22%	3%	39%	36%	100%
Dutch Enviro Energy	10%	35%	35%	20%	100%	24%	4%	46%	27%	100%

Notes:

- (1) Excludes ownership interests or economic interests owned by CKI.
- (2) Excludes ownership interests or economic interests owned by PAH.
- (3) For Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, this represents the split of economic interests arising from the respective economic benefits agreements entered into by the respective subsidiaries of the Company, CKHH, CKI and PAH in August 2018. For further details, please see the Company's announcement dated 31 August 2018.
- (4) UK Power Networks is not subject to the Economic Benefits Agreement.

On completion of the Proposed Acquisition, the Company will, directly or indirectly, supersede LKSF as a party to the following joint venture arrangements with the parties set out below (or their subsidiaries) in respect of each of the Target Companies: (1) joint venture agreement with CKI and PAH in respect of UK Power Networks; (2) joint venture agreement with CKHH and CKI in respect of Northumbrian Water; (3) joint venture agreement with CKHH, CKI and PAH in respect of Wales & West Utilities and (4) joint venture agreement with CKHH, CKI and PAH in respect of Dutch Enviro Energy. No financial contribution is required to be made by the Company, directly or indirectly, upon becoming a party to the joint venture arrangements referred to above.

5. INFORMATION ON THE GROUP

The Company 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, aircraft leasing, pub operation and investment in infrastructure and utility asset operation.

6. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of approximately 35.99% of the total issued Shares. LKSF is a person acting in concert with, and may be regarded as close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, and may therefore be regarded a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PART B – THE SHARE BUY-BACK PROPOSAL

1. INTRODUCTION

The Board further announces the Share Buy-back Proposal, pursuant to which the Company proposes to buy-back for cancellation up to the Maximum Number of Shares, which is the same as the number of Consideration Shares to be issued by the Company for the Proposed Acquisition. The Share Buy-back Proposal will be implemented through (i) the Share Buy-back Offer to all Qualifying Shareholders (so that all Qualifying Shareholders can participate should they wish) and (ii) possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares.

2. THE SHARE BUY-BACK OFFER

An offer will be made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 333,333,333 Shares which is the same as the number of Consideration Shares to be issued pursuant to the Proposed Acquisition at the price of HK\$51.00 per Share.

The Share Buy-back Offer will be made in full compliance with the Takeovers Code and the Share Buy-back Code. The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Share Buy-back Offer.

The Share Buy-back Offer, if accepted in full, will result in the Company paying approximately HK\$17 billion to the Accepting Shareholders. The consideration for the Share Buy-back Offer will be paid in cash and will be funded by cash resources of the Group.

HSBC is satisfied that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Share Buy-back Offer in full in accordance with the terms of the Share Buy-back Offer stated in this announcement.

3. POSSIBLE ON-MARKET SHARE BUY-BACK

If valid acceptances received under the Share Buy-back Offer are less than the Maximum Number of Shares, the Company intends to seek to buy-back all or part of the shortfall through on-market share buy-backs from time to time at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer, utilising the share buy-back mandate from Shareholders to be obtained at the Company's 2021 annual general meeting.

Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeper Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders.

The Company has no intention to buy-back Shares on-market other than the buy-back of the shortfall (if any) between the number of valid acceptances received under the Share Buy-back Offer and the Maximum Number of Shares.

If the subsequent on-market share buy-backs (or any other purchase of Shares) cause the aggregate holding of voting rights of the Company owned or controlled by the Controlling Shareholder Group to increase by more than 2% from the percentage of voting rights held by the Controlling Shareholder Group immediately following completion of the Proposed Acquisition and the Share Buy-back Offer, the Controlling Shareholder Group would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Controlling Shareholder Group.

The Whitewash Waiver (as further described in the section headed “*Takeovers Code Implications of the Proposal and Application for the Whitewash Waiver – The Whitewash Waiver*” below), if granted by the Executive and approved by the Independent Shareholders at the EGM, would only apply to waive LKSF’s obligation to make a mandatory general offer as a result of the Proposed Acquisition and the Share Buy-back Offer.

4. THE 2020 FINAL DIVIDEND

As disclosed in the annual results announcement of the Company dated 18 March 2021, the Directors have recommended the payment of a final cash dividend in respect of the year ended 31 December 2020 to Shareholders whose names appear on the register of members of the Company on the Final Dividend Record Date. Accordingly, Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the register of members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 annual general meeting) and (ii) the Offer Price per Share.

5. TERMS OF THE SHARE BUY-BACK OFFER

The principal terms of the Share Buy-back Offer when it is made will be as follows:

- (i) HSBC will make the Share Buy-back Offer to the Shareholders on behalf of the Company to buy-back up to the Maximum Number of Shares at the Offer Price;
- (ii) Qualifying Shareholders will be able to accept the Share Buy-back Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scale down described under the section headed “Other Terms of the Share Buy-back Offer” below);
- (iii) the Share Buy-back Offer will not be conditional upon a minimum number of Shares being tendered for buy-back;
- (iv) a Form of Acceptance duly received by or on behalf of the Company will become irrevocable and will not be capable of being withdrawn after the Share Buy-back Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (v) Shares will be bought-back for cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares repurchased attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (vi) Shares repurchased will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. For the avoidance of doubt, the Final Dividend Record Date (in relation to the final cash dividend in respect of the year ended 31 December 2020) will be set before the date of cancellation of the repurchased Shares; and
- (vii) Shares will be repurchased free from all encumbrances. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to HSBC and the Company that the Shares are being sold free from all encumbrances.

The Share Buy-back Offer will be subject to the fulfilment of the Offer Conditions. The full terms and details of the Share Buy-back Offer will be set out in the Circular and Offer Document.

6. THE OFFER PRICE

The Offer Price of HK\$51.00 in cash per Share represents:

- (i) a premium of approximately 8.4% to the closing price of the Shares of HK\$47.05 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.8% to the average closing price of the Shares of approximately HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days ending on the Last Trading Day;
- (iii) a premium of approximately 10.0% to the average closing price of the Shares of approximately HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on the Last Trading Day;
- (iv) a premium of approximately 16.4% to the average closing price of the Shares of approximately HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days ending on the Last Trading Day;
- (v) a premium of approximately 21.5% to the average closing price of the Shares of approximately HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days ending on the Last Trading Day;
- (vi) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the Last Trading Day based on the closing price as quoted on the Stock Exchange on 11 May 2020; and
- (vii) a discount of approximately 46.9% to the latest net assets per Share attributable to shareholders of the Company as at 31 December 2020, being HK\$96.02 per Share.

7. THE OFFER CONDITIONS

The Share Buy-back Offer will be conditional upon fulfilment of all of the following conditions:

- (i) the passing of an ordinary resolution by way of poll to approve the Share Buy-back Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (ii) not less than 75% of the votes cast on the resolution by Independent Shareholders, either voting in person or by proxy, at the EGM approving the Whitewash Waiver;
- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Special Deal is fair and reasonable so far as the Independent Shareholders are concerned; (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Special Deal; and (c) the consent under Rule 25 of the Takeovers Code from the Executive in respect of the Special Deal being granted and such consent not having been withdrawn; and

- (v) all of the conditions to the Proposed Acquisition (other than the condition specifying that all of the conditions to the Share Buy-back Offer have been satisfied) having been satisfied or waived (as applicable).

None of the Offer Conditions are waivable. Accordingly, if any of the Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and the Proposal (including the Proposed Acquisition) will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Company may only invoke the above Offer Conditions as a basis for not proceeding with the Share Buy-back Offer if the circumstances which give rise to a right to invoke such Offer Conditions are of material significance to the Company in the context of the Share Buy-back Offer.

WARNING:

The Share Buy-back Offer is subject to all of the Offer Conditions being fulfilled and therefore may or may not become unconditional. If any of the Offer Conditions is not fulfilled, the Share Buy-back Offer and the Proposed Acquisition will not proceed and will immediately lapse. Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Qualifying Shareholders will be able to tender their Shares for acceptance under the Share Buy-back Offer from and including the date that the Circular and Offer Document is despatched. If the Share Buy-back Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Share Buy-back Offer for a period of 14 days thereafter. If the Share Buy-back Offer is not declared unconditional, the Share Buy-back Offer will lapse and any Shares tendered will not be accepted.

8. OTHER TERMS OF THE SHARE BUY-BACK OFFER

Qualifying Shareholders may accept the Share Buy-back Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number of Shares or less, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number of Shares, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 333,333,333 Shares, being the Maximum Number of Shares

B = Total number of Shares in respect of which valid acceptances are received from all Accepting Shareholders under the Share Buy-back Offer

C = Total number of Shares in respect of which valid acceptances are received from the relevant individual Accepting Shareholder under the Share Buy-back Offer

As a result, it is possible that not all of the Shares tendered by an Accepting Shareholder will ultimately be bought-back.

Fractions of Shares will not be bought-back under the Share Buy-back Offer and, accordingly, the number of Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded down to the nearest whole number at the discretion of the Company.

The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

9. OVERSEAS SHAREHOLDERS

The making and implementation of the Share Buy-back Offer to Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdiction in which such Shareholders are located. Such Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Shareholder wishing to take any action in relation to the Share Buy-back Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction as a result of their acceptances. Any acceptance of the Share Buy-back Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company and HSBC that all applicable local laws and requirements have been observed and complied with.

The Company reserves the right, subject to the consent of the Executive and the relevant legal requirements, to make special arrangements with respect to Overseas Shareholders whose receipt of the Circular and Offer Document and the Form of Acceptance is subject to the laws of the relevant overseas jurisdictions.

The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of overseas Shareholders.

10. INFORMATION FOR U.S. SHAREHOLDERS

The Share Buy-back Offer will be subject to Hong Kong disclosure and procedural requirements, which are different from those of the United States of America. The Share Buy-back Offer will be made in the United States of America in compliance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the applicable rules and regulations promulgated thereunder, including Regulation 14E (subject to any exemptions or relief therefrom, if applicable) and otherwise in accordance with the requirements of Hong Kong law and the Takeovers Code. Accordingly, the Share Buy-back Offer will be subject to disclosure and other procedural requirements, including with respect to the Share Buy-back Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

To the extent permissible under applicable laws and regulations, including Rule 14e-5 under the Exchange Act, and in accordance with normal Hong Kong practice, HSBC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares and any securities that are immediately convertible into, exchangeable for or exercisable for Shares. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchases or arrangements comply with applicable law and the Takeovers Code and are made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be made publicly available under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk>.

The receipt of cash pursuant to the Share Buy-back Offer by a U.S. shareholder of Company shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his or her independent professional adviser regarding the tax consequences of accepting the Share Buy-back Offer.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any state of the United States has (a) approved or disapproved the Share Buy-back Offer, (b) passed upon the merits or fairness of the Share Buy-back Offer, or (c) passed upon the adequacy or accuracy of the disclosure in this announcement. Any representation to the contrary is a criminal offense.

11. NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of Shareholders, those registered holders of the Shares who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited), to accept the Share Buy-back Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Share Buy-back Offer.

PART C – TAKEOVERS CODE IMPLICATIONS OF THE PROPOSAL AND APPLICATION FOR THE WHITEWASH WAIVER

1. SPECIAL DEAL

As the Share Purchase Agreement is between the Company (the offeror for the purposes of the Share Buy-Back Offer) and LKSF (being a Shareholder), and is not capable of being extended to all the Shareholders, the Proposed Acquisition constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive.

The Company will make an application for consent from the Executive in respect of the Special Deal. Such consent, if granted, will be subject to (i) the Independent Financial Adviser stating that in its opinion the terms of the Proposed Acquisition are fair and reasonable and (ii) the approval of the Proposed Acquisition by the Independent Shareholders by way of poll at the EGM.

2. THE WHITEWASH WAIVER

As at the date of this announcement, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of 1,329,354,560 Shares, representing approximately 35.99% of the total issued Shares. Following the allotment and issue of the Consideration Shares to LKSF (or an affiliate of LKSF) and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, the shareholding of the Controlling Shareholder Group in the Company will be increased to 1,662,687,893 Shares in aggregate, representing approximately 45.02% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Share Buy-back Offer. As the implementation of the Proposed Acquisition and the Share Buy-back Offer will increase the Controlling Shareholder Group's aggregate holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, LKSF would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group.

The Controlling Shareholder Group have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the date of this announcement.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) each of the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM.

As at the date of this announcement, the Company does not believe that the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular and Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) does not comply with other applicable rules and regulations (including the Listing Rules).

3. HOLDINGS AND DEALINGS IN THE SHARES

Holdings

As at the date of this announcement, the interests and positions of the Directors in the Shares are set out below:

Name of Director	Capacity	Number of Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Mr. Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations and beneficiary of trusts	220,000	405,200	168,125,850 (Note 1)	1,160,195,710 (Note 2)	1,328,946,760	35.98%
Mr. Kam Hing Lam	Beneficial owner and interest of child or spouse	51,040	57,360	-	-	108,400	0.0029%
Mr. IP Tak Chuen, Edmond	Beneficial owner	300,000	-	-	-	300,000	0.0081%
Mr. Chow Nin Mow, Albert	Beneficial owner	66	-	-	-	66	≈0%
Ms. Hung Siu-lin, Katherine	Beneficial owner	43,256	-	-	-	43,256	0.0012%
Mr. Donald Jeffrey Roberts	Beneficial owner	167,396	-	-	-	167,396	0.0045%

Notes:

- (1) The 168,125,850 Shares comprise:
- (a) 56,177,350 Shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (b) 61,523,000 Shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
 - (c) 50,425,500 Shares held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

- (2) The 1,160,195,710 shares of the Company comprise:

- (a) 1,003,380,744 Shares of the Company held by TUT1 as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“**TUT1 related companies**”). Mr. Li Ka-shing is the settlor of each of DT1 and DT2. Each of TDT1 and TDT2 holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, *inter alia*, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“**Unity Holdco**”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

- (b) 72,387,720 shares of the Company held by TUT3 as trustee of The Li Ka-Shing Castle Trust (“**UT3**”) and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“**TUT3 related companies**”). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts (“**DT3**” and “**DT4**”). Each of TDT3 and TDT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, *inter alia*, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited (“**Castle Holdco**”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

- (c) 84,427,246 shares of the Company held by a company controlled by TDT3 as trustee of DT3.

As at the date of this announcement, the Controlling Shareholder Group is interested in 1,329,354,560 Shares in aggregate, representing approximately 35.99% of the total issued Shares.

HSBC is the financial adviser to the Company in respect of the Share Buy-back Offer. Accordingly, HSBC and relevant members of the HSBC Group which hold Shares are presumed to be acting in concert with the Company in accordance with class 5 of the definition of “acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the HSBC Group). Details of holdings, borrowings or lendings of, and dealings in, Shares (or options or derivatives in respect of them) held by or entered into by other parts of the HSBC Group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the HSBC Group are significant and in any event, such information will be disclosed in the Circular and Offer Document. The statements in this announcement as to holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or options or derivatives in respect of them) by persons acting in concert with the Company are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the HSBC Group.

Dealing in the Shares

The Company has not repurchased any Shares in the six-month period prior to the date of this announcement.

As at the date of this announcement, other than (a) 1,329,354,560 Shares held by the Controlling Shareholder Group (b) the transactions contemplated under the Share Purchase Agreement (c) 408,400 Shares held by the Executive Directors (other than any Executive Director who is also a member of the Controlling Shareholder Group) and (d) any interests in Shares of the LKSF Directors (other than those who are also members of the Controlling Shareholder Group) whose interests in Shares will be disclosed on the basis set out below:

- (i) neither the Company, nor any person acting in concert with the Company, nor LKSF nor any person acting in concert with LKSF, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company;
- (ii) neither the Company, nor any person acting in concert with the Company, nor LKSF nor any person acting in concert with LKSF, has received any irrevocable commitment from the Independent Shareholders in relation to voting in favour of or against the resolutions in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer, the Special Deal and the Whitewash Waiver) at the EGM;
- (iii) there is no outstanding derivative in respect of the securities of the Company which has been entered into by the Company, nor any person acting in concert with the Company, nor LKSF, nor any person acting in concert with LKSF;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Company and which might be material to the Proposal;

- (v) there is no agreement or arrangement to which the Company or LKSF is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal (save for the Offer Conditions and the Acquisition Conditions); and
- (vi) neither the Company, nor any person acting in concert with the Company, nor LKSF, nor any person acting in concert with LKSF has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any which have been on-lent or sold.

Save for the Proposed Acquisition, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder or any party acting in concert with it/him/her; and (ii) either (a) the Company, or any party acting in concert with it; or (b) LKSF or any party acting in concert with it.

Details of holdings and dealings in Shares (or options or derivatives in respect of them) held by or entered into by the LKSF Directors will be obtained as soon as possible after this announcement has been made. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the LKSF Directors are significant and in any event, such information will be disclosed in the Circular and Offer Document.

The Controlling Shareholder Group has confirmed that as at the date of this announcement, other than entering into of the Share Purchase Agreement and those dealings that will be disclosed in the Circular and Offer Document as referred to below, none of the members of the Controlling Shareholder Group have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of this announcement.

Details of the dealings in the Shares by the Controlling Shareholder Group within the six months prior to the date of this announcement but before the negotiations, discussions or the reaching of understandings or agreements with the Board in relation to the Proposed Acquisition and the Share Buy-back Offer will be disclosed in the Circular and Offer Document.

4. DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code, including any person who owns or controls 5% or more of any class of relevant securities of the Company) of the Company are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

5. GENERAL

Restriction on on-market share buy-backs

The Company will not conduct any on-market share buy-backs from the date of this announcement up to and including the date the Share Buy-back Offer closes, lapses or is withdrawn, as the case may be.

Hong Kong Stamp Duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Buy-back Offer will be payable by each Shareholder at the current rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Company for such person's Shares and will be deducted from the cash amount due to such Accepting Shareholder. The Company will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are sold under the Share Buy-back Offer.

PART D – INDEPENDENT BOARD COMMITTEE, INDEPENDENT FINANCIAL ADVISER AND GENERAL INFORMATION

1. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, who have no interest in the Proposal (including the Special Deal and the Whitewash Waiver) other than as Shareholders, has been formed to advise the Independent Shareholders on the Proposal (including the Special Deal and the Whitewash Waiver).

With the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code, the Company has appointed Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of Proposal (including the Special Deal and the Whitewash Waiver) and as to voting by the Independent Shareholders. The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be included in the Circular and Offer Document to be despatched to the Independent Shareholders by the Company.

2. CHANGES IN SHAREHOLDINGS STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the date of this announcement up to and including the date of completion of the Proposal:

Name of Shareholder	As at the date of this announcement		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Controlling Shareholder Group				
Li Ka-Shing Unity Trustee Company Limited (<i>TUTI</i>) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	24.92%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.80%
L.F. Investments S.à r.l. ⁽¹⁾	84,427,246	2.29%	84,427,246	2.10%
LKSF ⁽²⁾	61,523,000	1.67%	394,856,333	9.81%
Lankford Profits Limited ⁽³⁾	50,425,500	1.37%	50,425,500	1.25%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited ⁽⁵⁾	407,800	0.01%	407,800	0.01%
Mr. Li Tzar Kuoi, Victor and family and controlled companies ⁽⁶⁾	2,897,550	0.08%	2,897,550	0.07%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor ⁽⁷⁾	53,905,000	1.46%	53,905,000	1.34%
Sub-total for Controlling Shareholder Group	1,329,354,560	35.99%	1,662,687,893	41.29%
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0027%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0075%
Sub-total for Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)	408,400	0.01%	408,400	0.01%
Sub-total for persons acting in concert with the Company and/or LKSF (including the Controlling Shareholder Group and the Executive Directors (other than Mr. Li Tzar Kuoi, Victor))⁽⁴⁾	1,329,762,960	36.00%	1,663,096,293	41.30%
Independent Shareholders	2,363,637,540	64.00%	2,363,637,540	58.70%
Total	3,693,400,500	100.00%	4,026,733,833	100.00%

Notes:

- (1) L.F. Investments S.à r.l. is 99.99% owned by Chinaton Investment Limited, which in turn is 100% owned by Evago Investment Limited. Evago Investment Limited is a 100% owned by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust.
- (2) The shareholding of LKSF immediately on completion of the issue of the Consideration Shares represents the total number of Consideration Shares to be issued. Under the terms of the Share Purchase Agreement, LKSF may elect to nominate an affiliate to receive a portion of the Consideration Shares.
- (3) Lankford Profits Limited is 100% owned by Li Ka Shing (Global) Foundation.
- (4) The holdings of Shares of HSBC Group and the LKSF Directors will be disclosed after the publication of this announcement in the manner referred to above in the section headed “3. Holdings and Dealings in the Shares”.
- (5) Grand Duke Enterprises Limited and Rapid Gain Investments Limited (both wholly-owned subsidiaries of Mayspin Management Limited) holds 251,000 and 156,800 Shares, respectively. Mayspin Management Limited is 100% owned by Mr. Li Ka-Shing.
- (6) Mr. Li Tzar Kuoi, Victor is the beneficial owner of 220,000 Shares.

Dragonfield Limited and Dragon Reign Limited (both 100% owned by Mr. Li Tzar Kuoi, Victor) hold 1,108,186 and 1,164,164 Shares respectively.

Mr. Li Tzar Kuoi, Victor’s family members collectively hold 405,200 Shares.
- (7) Castle Link Holdings Limited and Shine Diamond Investment Limited, which are both 50% indirectly owned by Mr. Li Ka-shing and 50% indirectly owned by Mr. Li Tzar Kuoi, Victor, hold 33,456,500 Shares and 20,448,500 Shares, respectively.

The table below shows the Company’s existing shareholding structure and the shareholding structure, assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the date of this announcement up to and including the date of completion of the Proposal:

Name of Shareholder	As at the date of this announcement		Upon completion of the Proposal	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Controlling Shareholder Group				
Li Ka-Shing Unity Trustee Company Limited (<i>TUTI</i>) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	27.17%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.96%
L.F. Investments S.à r.l. ⁽¹⁾	84,427,246	2.29%	84,427,246	2.29%
LKSF ⁽²⁾	61,523,000	1.67%	394,856,333	10.69%
Lankford Profits Limited ⁽³⁾	50,425,500	1.37%	50,425,500	1.37%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited ⁽⁴⁾	407,800	0.01%	407,800	0.01%

Name of Shareholder	As at the date of this announcement		Upon completion of the Proposal	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Li Tzar Kuoi, Victor and family and controlled companies ⁽⁵⁾	2,897,550	0.08%	2,897,550	0.08%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor ⁽⁶⁾	53,905,000	1.46%	53,905,000	1.46%
Sub-total for Controlling Shareholder Group	1,329,354,560	35.99%	1,662,687,893	45.02%
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0027%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0075%
Sub-total for Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)	408,400	0.011%	408,400	0.011%
Sub-total for persons acting in concert with the Company and/or LKSF (including the Controlling Shareholder Group and the Executive Directors (other than Mr. Li Tzar Kuoi, Victor))⁽⁷⁾	1,329,762,960	36.00%	1,663,096,293	45.03%
Independent Shareholders	2,363,637,540	64.00%	2,030,304,207	54.97%
Total	3,693,400,500	100.00%	3,693,400,500	100.00%

Notes:

- (1) L.F. Investments S.à r.l. is 99.99% owned by Chinaton Investment Limited, which in turn is 100% owned by Evago Investment Limited. Evago Investment Limited is a 100% owned by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust.
- (2) The shareholding of LKSF immediately on completion of the issue of the Consideration Shares and the Share Buy-back Offer in full represents the total number of Consideration Shares to be issued. Under the terms of the Share Purchase Agreement, LKSF may elect to nominate an affiliate to receive a portion of the Consideration Shares.
- (3) Lankford Profits Limited is 100% owned by Li Ka Shing (Global) Foundation.
- (4) Grand Duke Enterprises Limited and Rapid Gain Investments Limited (both wholly-owned subsidiaries of Mayspin Management Limited) holds 251,000 and 156,800 Shares, respectively. Mayspin Management Limited is 100% owned by Mr. Li Ka-Shing.
- (5) Mr. Li Tzar Kuoi, Victor is the beneficial owner of 220,000 Shares.

Dragonfield Limited and Dragon Reign Limited (both 100% owned by Mr. Li Tzar Kuoi, Victor) hold 1,108,186 and 1,164,164 Shares respectively.

Mr. Li Tzar Kuoi, Victor's family members collectively hold 405,200 Shares.

- (6) Castle Link Holdings Limited and Shine Diamond Investment Limited, which are both 50% indirectly owned by Mr. Li Ka-shing and 50% indirectly owned by Mr. Li Tzar Kuoi, Victor, hold 33,456,500 Shares and 20,448,500 Shares, respectively.
- (7) The holdings of Shares of HSBC Group and the LKSF Directors will be disclosed after the publication of this announcement in the manner referred to above in the section headed “3. Holdings and Dealings in the Shares”.

3. WAIVER IN RELATION TO RULE A.3(a)(i) OF THE MODEL CODE

Rule A.3(a)(i) of the Model Code provides that a director must not deal in any securities of the listed issuer on any day on which its annual results are published and during the period of 60 days immediately preceding the publication date of its annual results. As Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF, pursuant to Rule A.3(a)(i) of the Model Code, the entering into of the Share Purchase Agreement and the proposed issue of the Consideration Shares thereunder could technically be construed as a “dealing” by Mr. Li Tzar Kuoi, Victor in the Consideration Shares.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance by Mr. Li Tzar Kuoi, Victor with Rule A.3(a)(i) of the Model Code so that the parties can enter into the Share Purchase Agreement and the announcement of the Proposal can be published on the same day as, and shortly after, the publication by the Company of its 2020 annual results announcement (the “**Signing Arrangement**”). The reasons for seeking the waiver are as follows: (i) in view of the price sensitive nature of the Proposal and to ensure transparency and prompt, timely disclosure of inside information, the Signing Arrangement was in the best interests of the Company and Shareholders as whole and potential investors as it allows them sufficient time to consider the Company’s 2020 annual results as well as the Proposal before the commencement of dealings in the Shares on the following trading day, (ii) the Company did not reasonably expect the Company’s 2020 annual results to be out of line with market expectations and therefore, the Company’s 2020 annual results are not inside information, (iii) the Proposed Acquisition (including the issue of the Consideration Shares) is subject to the approval of the Independent Shareholders at the EGM, (iv) the price at which the Consideration Shares will be issued to LKSF (or an affiliate of LKSF) was determined after arm’s length negotiation with reference to the prevailing market price of the Shares and without reference to the Company’s 2020 annual results and (v) LKSF is a charitable organisation and Mr. Li Tzar Kuoi, Victor is not a beneficiary of LKSF.

4. GENERAL INFORMATION

(a) EGM

The EGM is currently expected be held on or around 13 May 2021 for the Independent Shareholders to consider and, if thought fit, approve the Proposal (including the Share Buy-back Offer, the Special Deal and the Whitewash Waiver).

As the Controlling Shareholder Group is presumed to be acting in concert with LKSF, it will abstain from voting on the resolutions in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal and the Specific Mandate) at the EGM.

As Mr. Ip Tak Chuen, Edmond and Mr. Kam Hing Lam, being Executive Directors who hold interests in Shares, are presumed to be acting in concert with the Company, they will abstain from voting on the resolutions in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal and the Specific Mandate) at the EGM.

As the LKSF Directors are presumed to be acting in concert with LKSF, the LKSF Directors will abstain from voting on the resolutions in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal and the Specific Mandate) at the EGM.

(b) Circular and Offer Document of EGM

The Circular and Offer Document will contain, among other things, (i) details of the Proposal, including the Share Purchase Agreement, the Special Deal, the Share Buy-back Offer and the Whitewash Waiver, (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) the property valuation reports on the property interests of the Company and (v) notice of the EGM. In order to allow the Company sufficient time to prepare the Circular and Offer Document (including the property valuation reports on the property interests of the Company), the Company will make an application to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to allow the Circular and Offer Document to be despatched to Shareholders later than 21 days from the date of this announcement. The Circular and Offer Document is expected to be despatched to the Shareholders on or around 26 April 2021.

(c) Company's Presentation

The Appendix contains a copy of the Company's investor presentation on the Proposal.

5. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings:

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Share Buy-back Offer
“Acquisition Conditions”	the conditions as set out in the section headed <i>“The Proposed Acquisition – Conditions to Completion”</i> to which the Proposed Acquisition is subject
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Cash Distribution”	cash distributions comprising dividends, interest and other distributions received by the Target Holdco Group from the Target Companies
“Castle Holdco”	Li Ka-Shing Castle Holdings Limited, a company incorporated in the Cayman Islands
“Circular and Offer Document”	the combined document comprising of (i) the circular relating to the Proposed Acquisition and the Specific Mandate and (ii) the circular relating to the Share Buy-back Offer, the Whitewash Waiver and the Special Deal, to be despatched to the Shareholders
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CKHH

“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)
“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)
“CKII”	Cheung Kong (Infrastructure Investment) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CKH
“Company”	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)
“Completion”	completion of the Proposed Acquisition in accordance with the terms of the Share Purchase Agreement
“Conditions”	the Acquisition Conditions and the Offer Conditions
“Consideration Shares”	333,333,333 Shares to be issued by the Company for the purpose of satisfying the Purchase Price
“Consideration Share Price”	the price of HK\$51.00 per Share
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder Group”	Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, the Trust, LKSF and LKSGF who directly and/or indirectly hold an aggregate of approximately 35.99% of the total issued Shares as at the date of this announcement
“Creep Limit”	in relation to any Shareholder holding not less than 30%, but not more than 50%, of the voting rights of the Company, an increase in the aggregate percentage of voting rights of the Company held by such Shareholder, together with persons acting in concert with such Shareholder, of not more than 2% during any 12-month period
“Dutch Enviro Energy”	Dutch Enviro Energy Holdings B.V., a company incorporated in the Netherlands, in which LKSF has an indirect 10% shareholding interest as at the date of this announcement
“Directors”	the directors of the Company
“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 Agreement”	the economic benefits agreement dated 31 August 2018 entered into between Henley Riches Limited (a subsidiary of CKHH), CKHH and Team Ace Enterprises Limited (a subsidiary of the Company)
“EGM”	the extraordinary general meeting of the Company currently expected to be held on or around 13 May 2021 for the Independent Shareholders to consider and, if thought fit, approve the Proposal (including the Special Deal and the Whitewash Waiver)
“encumbrances”	liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate(s) for the time being of the Executive Director
“Executive Directors”	the executive Directors of the Company
“Final Dividend Record Date”	the record date for determining Shareholders’ entitlement to receive the final dividend in respect of the year ended 31 December 2020
“Form of Acceptance”	the form of acceptance to be issued with the Circular and Offer Document to Qualifying Shareholders for use by such persons in connection with the Share Buy-back Offer
“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries
“Guarantee Period”	the two years ending 31 December 2021 and 2022 in respect of which the Target Holdco Group will receive the guaranteed Cash Distributions from the Target Companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to the Company in relation to the Proposed Acquisition and the Share Buy-back Offer, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“HSBC Group”	HSBC and persons controlling, controlled by or under the same control as HSBC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors who have no interest in the Proposal (including the Special Deal, the Share Buy-back Offer and the Whitewash Waiver) other than as Shareholders, which has been formed to advise the Independent Shareholders in respect of the above matters
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	<p>all Shareholders other than (i) LKSF and persons acting in concert with it (including the Controlling Shareholder Group, the Executive Directors and the LKSF Directors); (ii) the Company and persons acting in concert with it (including the Controlling Shareholder Group and the Executive Directors); and (iii) any other Shareholder that is otherwise involved in, or interested in, the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal or the Specific Mandate</p> <p>For the avoidance of doubt, Independent Shareholders shall include any member of the HSBC Group which is a registered holder of Shares which are held on behalf of beneficial owners of such Shares who are investment clients where such beneficial owners (A) control the voting rights attached to such Shares, (B) give instructions as to how such Shares are to be voted and (C) are not otherwise involved in, or interested in, the Proposed Acquisition, the Share Buy-back Offer, the Whitewash Waiver, the Special Deal or the Specific Mandate</p>
“LKSF”	Li Ka Shing Foundation Limited, a company incorporated in Hong Kong limited by guarantee, which is a charitable foundation and a person acting in concert with, and may be regarded as a close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company

“LKSF Directors”	Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Mr. Chong Hoi Shan, Mr. Chong Hoi Hei, Charles, Ms. Pau Yee Wan, Ezra, Mr. Chow Kun Chee, Roland, Mr. Lee Yeh Kwong, Charles, Mrs. Lee Pui Ling, Angelina, Ms. Chau Hoi Shuen, Solina, Ms. Eirene Yeung, Mr. George Colin Magnus, Mr. Frank John Sixt, Mr. Kan Yuet Loong, Ms. Au Siu Yin, Amy, Ms. Li Michelle Sarah Si De and Mr. Man Ka Keung, Simon
“LKSGF”	Li Ka Shing (Global) Foundation, a company incorporated in Cayman Islands limited by guarantee, which is a charitable foundation and a person acting in concert with, and may be regarded as a close associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company
“Last Trading Day”	18 March 2021, being the last full trading day of the Shares on the Stock Exchange prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)
“Maximum Number of Shares”	333,333,333 Shares, being the maximum number of Shares to be bought-back pursuant to the Share Buy-back Offer, representing approximately 9.03% of the issued Shares as at the date of this announcement
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Northumbrian Water”	Northumbrian Water Group Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 20% shareholding interest as at the date of this announcement
“Offer Conditions”	the conditions as set out in the section headed “ <i>The Share Buy-back Offer Conditions</i> ” to which the Share Buy-back Offer is subject
“Offer Price”	HK\$51.00 per Share
“Overseas Shareholder(s)”	Shareholder(s), whose addresses as shown on the register of members of the Company are outside Hong Kong
“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)
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules
“profit contribution”	contribution from the principal activities after depreciation, impairment and absorption of overhead expenses but before interest costs and tax
“Proposal”	the Proposed Acquisition and the Share Buy-back Proposal

“Proposed Acquisition” or “Special Deal”	the proposed acquisition by the Company of the Target Holdcos from LKSF in accordance with the terms of the Share Purchase Agreement
“Purchase Price”	HK\$17 billion, being the consideration for the purpose of the proposed acquisition of the Target Holdcos payable by the Purchaser pursuant to the Share Purchase Agreement
“recurrent profit contribution”	profit contribution from all principal activities except property sales
“relevant security(ies)”	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended and supplemented from time to time)
“Share Buy-back Offer”	a conditional cash offer by HSBC on behalf of the Company to buy-back Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number of Shares
“Share Buy-back Proposal”	the proposal of the Company to buy-back the Maximum Number of Shares through (i) the Share Buy-back Offer and (ii) possible on-market buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if valid acceptances under the Share Buy-back Offer received is less than the Maximum Number
“Share Purchase Agreement”	the agreement dated 18 March 2021 entered into between the Company and LKSF relating to the sale and purchase of the Target Holdcos
“Shareholders”	the holders of Shares
“Shares”	ordinary shares in the share capital of the Company
“Share Buy-backs Code”	the Code on Share Buy-backs of Hong Kong
“Specific Mandate”	the specific mandate to be sought at the EGM for the approval of the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)

“Target Holdcos”	(a) Eagle Frame Limited, which has an indirect 20% shareholding interest in UK Power Networks; (b) Mondrem Corporation, which has an indirect 20% shareholding interest in Northumbrian Water; (c) Moonstone Global Investment Limited, which has an indirect 10% shareholding interest in Wales & West Utilities; and (d) Gerbera Investments Limited, which has a direct 10% shareholding interest in Dutch Enviro Energy
“Target Holdco Group”	Target Holdcos and their subsidiaries
“Target Companies”	(a) UK Power Networks, (b) Northumbrian Water, (c) Wales & West Utilities and (d) Dutch Enviro Energy
“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
“TUT1”	Li Ka-Shing Unity Trustee Company Limited, a company incorporated in the Cayman Islands, which is the trustee of UT1
“TUT1 related companies”	TUT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings
“TUT3”	Li Ka-Shing Castle Trustee Company Limited, a company incorporated in the Cayman Islands, which is the trustee of UT3
“TUT3 related companies”	TUT3 and the related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings
“UK Power Networks”	UK Power Networks Holdings Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 20% shareholding interest as at the date of this announcement

“Unity Holdco”	Li Ka-Shing Unity Holdings Limited, a company incorporated in the Cayman Islands
“UT1”	Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust
“Wales & West Utilities”	Wales & West Utilities Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 10% shareholding interest as at the date of this announcement
“Whitewash Waiver”	the waiver under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of LKSF to make a general offer to the Shareholders for all issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of the allotment and issue of the Consideration Shares to LKSF (or an affiliate of LKSF) and the Share Buy-back Offer which will increase the Controlling Shareholder Group’s collective holding of the voting rights of the Company by more than 2% in any 12 month period
“%”	per cent.

Unless otherwise stated, the figures in GBP are converted into HK\$ at the rate of GBP1.00: HK\$10.79 and the figures in EUR are converted into HK\$ at the rate of EUR1.00: HKD9.24 for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
*Executive Committee Member
& Company Secretary*

Hong Kong, 18 March 2021

The Directors of the Company as at the date of this announcement 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, Raymond, 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, Mr. Donald Jeffrey ROBERTS and Mr. Stephen Edward BRADLEY as Independent Non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

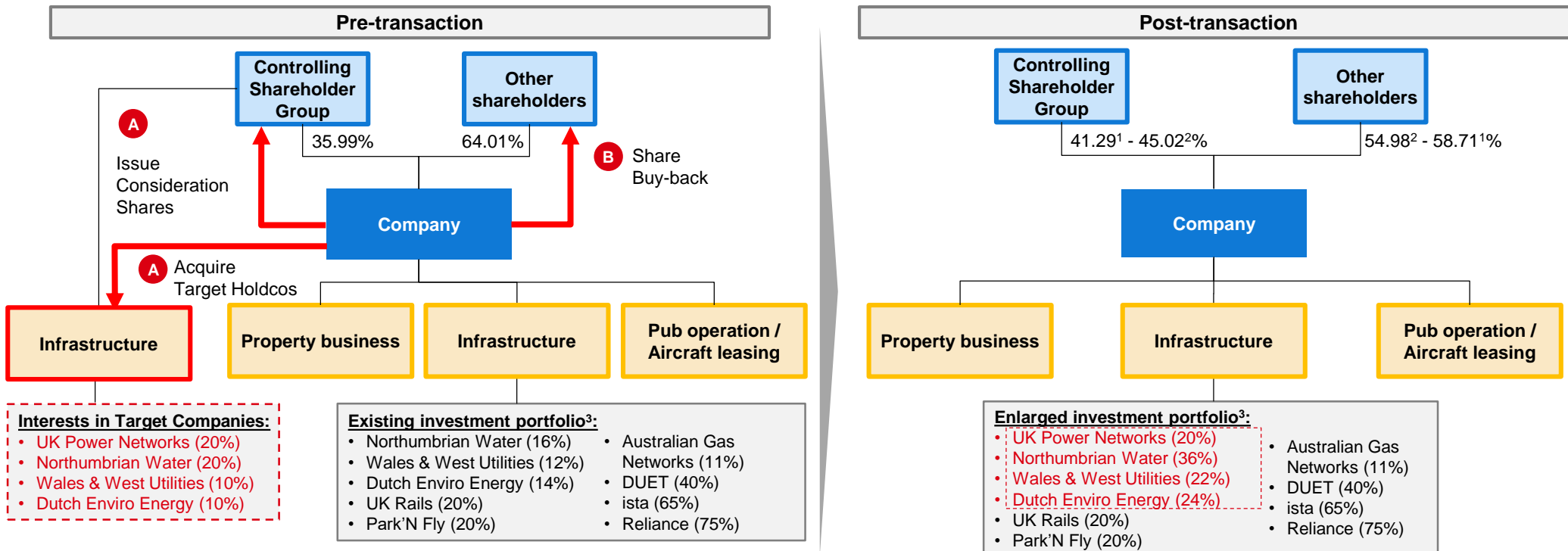
Stock code: 1113

Investor Presentation

18 March 2021

This presentation is for information purposes only and is not an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction. This presentation is a brief summary of the Proposal outlined in further detail in the announcement of the Company dated 18 March 2021 (the “Announcement”). The announcement contains important information about the Proposal and shareholders and investors of the Company are advised to read the Announcement in its entirety. The Announcement is available on the Hong Kong Stock Exchange’s website at www.hkex.com.hk and on the Company’s website. This presentation uses the same terms as defined in the Announcement.

Transaction overview



The Proposal comprises the Proposed Acquisition and the Share Buy-back Proposal, which are **inter-conditional** on each other

A Proposed Acquisition	<p>The Company to purchase the Target Holdcos for HKD17bn</p> <ul style="list-style-type: none"> Consideration Shares to be issued at HKD51.00 per Share (implying c.10.0% premium to average closing price for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement and c.8.4% premium to closing price on the date of the Share Purchase Agreement)
B Share Buy-back Proposal	<p>The Company to buy-back for cancellation up to the Maximum Number of Shares, which is the same as the number of Consideration Shares to be issued by the Company for the Proposed Acquisition. The Share Buy-back Proposal will be implemented through:</p> <ul style="list-style-type: none"> the Share Buy-back Offer to all Qualifying Shareholders at HKD51.00 per Share (implying c.10.0% to the average closing price for the last 10 consecutive trading days ending on the Last Trading Day and c.8.4% premium to closing price on the Last Trading Day); and possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer^{4,5}

The overall effect of the Proposal would be the **deployment of c.HKD17bn of cash**⁶ to acquire cash flow generating assets

Notes:

- Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the date of the Announcement up to and including the date of completion of the Proposal
- Assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal and (iii) no Shares other than the Consideration Shares are issued from the date of the Announcement up to and including the date of completion of the Proposal
- The Company owns existing economic interests in Northumbrian Water (16%), Wales & West Utilities (12%), Dutch Enviro Energy (14%), UK Rails (20%), Park'N Fly (20%) and Australian Gas Networks (11%)
- If the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares; utilising the share buy-back mandate from Shareholders to be obtained at the Company's 2021 annual general meeting
- Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeping Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders
- Assuming acceptances are received for the Maximum Number of Shares

Summary of deal terms

Deal terms	Approvals sought at the EGM
<p>A Proposed Acquisition</p> <ul style="list-style-type: none"> • Purchase Price: HKD17bn • Consideration Shares: 333.3m Shares issued at HKD51.00 per Share, implying <ul style="list-style-type: none"> – 10.0% premium to the average closing price for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement (HKD46.37); and – 8.4% premium to closing price on the date of the Share Purchase Agreement (HKD47.05) 	<ol style="list-style-type: none"> 1. Proposed Acquisition (Connected Transaction): >50% of the votes cast by the Independent Shareholders³ at the EGM 2. Specific Mandate (for the issue of the Consideration Shares): >50% of the votes cast by the Independent Shareholders³ at the EGM
<p>B Share Buy-back Proposal</p> <ul style="list-style-type: none"> • Maximum Number of Shares to be repurchased: 333.3m Shares • Offer Price: HKD51.00 per Share, implying <ul style="list-style-type: none"> – 10.0% premium to the average closing price for the last 10 consecutive trading days ending on the Last Trading Day (HKD46.37); and – 8.4% premium to closing price of Last Trading Day (HKD47.05) • Qualifying Shareholders who accept the Share Buy-back Offer¹ will be entitled to receive in respect of each Share bought back (i) the final cash dividend² and (ii) the Offer Price per Share of HKD51.00 	<ol style="list-style-type: none"> 3. Whitewash Waiver: ≥75% of the votes cast by the Independent Shareholders³ at the EGM and with the Proposed Acquisition and the Share Buy-back Offer approved by >50% of the votes cast by the Independent Shareholders³ at the EGM 4. Special Deal: >50% of the votes cast by the Independent Shareholders³ at the EGM

<p>Guarantee of Cash Distributions</p>	<ul style="list-style-type: none"> • LKSF will ensure that the Target Holdco Group receives Cash Distributions of not less than HKD910m in aggregate, directly or indirectly, from the Target Companies in respect of each of the years ending 31 December 2021 and 2022, implying a yield on the Purchase Price of not less than 5.35% in each of 2021 and 2022 • The Company intends to distribute such amounts in full to Shareholders by way of dividend⁴
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<p>Proposed dividend arrangements</p>	<ul style="list-style-type: none"> • Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of FY2021 and FY2022 will not be less than an amount equal to the sum of (a) the total amount to be paid by the Company in dividends in respect of FY2020 and (b) the Cash Distributions⁵ • The effect of the foregoing is that the total dividends per Share in respect of FY2021 and FY2022 will be higher than the total dividends per Share in respect of FY2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal⁶
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Notes:

1. And whose names appear on the register of members on the Final Dividend Record Date
2. If approved by Shareholders at the 2021 annual general meeting
3. Please refer to the Announcement for the definition of Independent Shareholders

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4. To Shareholders whose names appear on the register of members of the Company on the record date for determining the entitlement to such dividend
5. In respect of the relevant financial year
6. Assuming that no new Shares are issued other than pursuant to Proposed Acquisition prior to the record date for the final dividend in respect of FY2022

Transaction rationale

1

Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk

2

Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group

3





Financially accretive transaction

4

Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of announcement

1 Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk

Overview of the Target Companies

	Country	Sector	Nature	Company's existing interests ¹	Interests to be acquired	Overview
	United Kingdom	Electricity distribution	Regulated	-	20%	<ul style="list-style-type: none"> One of the United Kingdom's largest power distributors Comprises three regional networks with a distribution area that covers London, the south east and the east of England
	United Kingdom	Water	Regulated	16%	20%	<ul style="list-style-type: none"> One of the ten regulated water and sewerage companies in England and Wales Supplies water and sewerage services in the north east of England and supplies water services to the south east of England
	United Kingdom	Gas distribution	Regulated	12%	10%	<ul style="list-style-type: none"> A gas distribution network in the United Kingdom Serves consumers in Wales and the south west of England
	The Netherlands	Energy-from-waste	Long-term contracted cash flows	14%	10%	<ul style="list-style-type: none"> Owns the largest energy-from-waste player in the Netherlands Operates five waste treatment plants in Rozenburg and Duiven as well as four transfer stations



In line with the Company's stated corporate strategy of actively pursuing quality investment opportunities that provide stable recurrent revenue and growth potential



A rare opportunity to acquire interests in a sizeable and high quality investment portfolio



The Proposed Acquisition would involve lower execution risk than would be the case with assets in which the Company had no prior interests



Further expand the Company's investment portfolio without the need to go through a competitive auction process

Note:

1. Represents economic interests owned by the Company

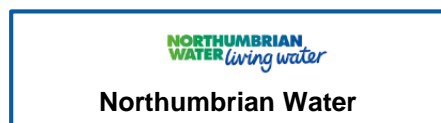
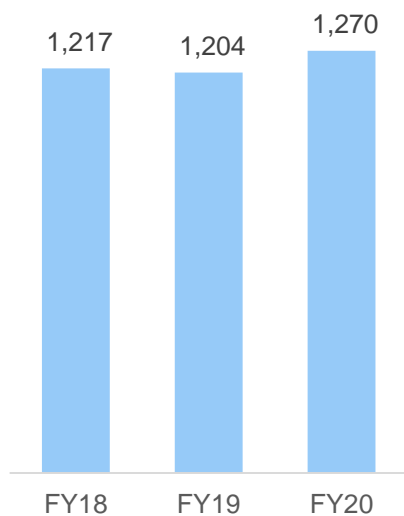
2 Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group

The Proposed Acquisition is in line with the Company's stated corporate strategy. The Target Companies have generated **stable recurrent income**

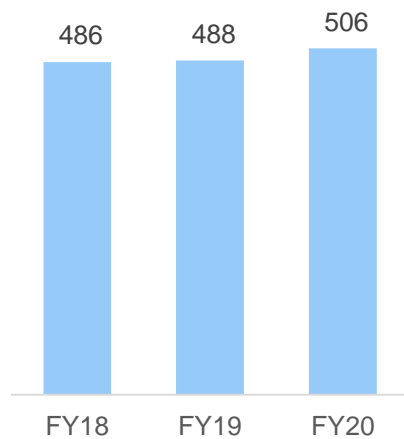
EBITDA^{1,2} (100% basis)



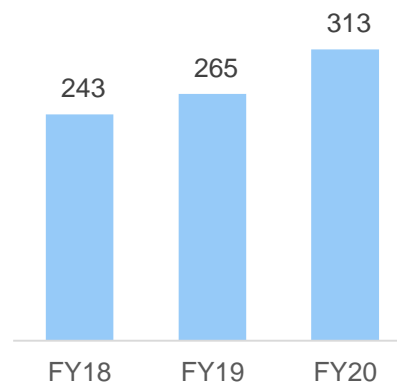
FY ended 31 Mar (GBPm)



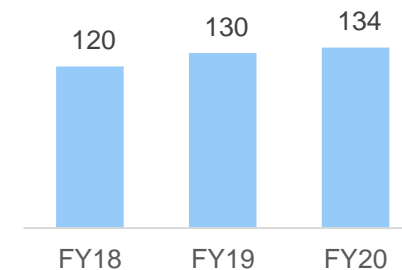
FY ended 31 Mar (GBPm)



FY ended 31 Mar (GBPm)



FY ended 31 Dec (EURm)



Note: charts shown above are not to scale

1. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortization, and is a non-IFRS financial measure
2. Based on audited accounts, except for financial year ended 31 Dec 2020 for Dutch Enviro Energy

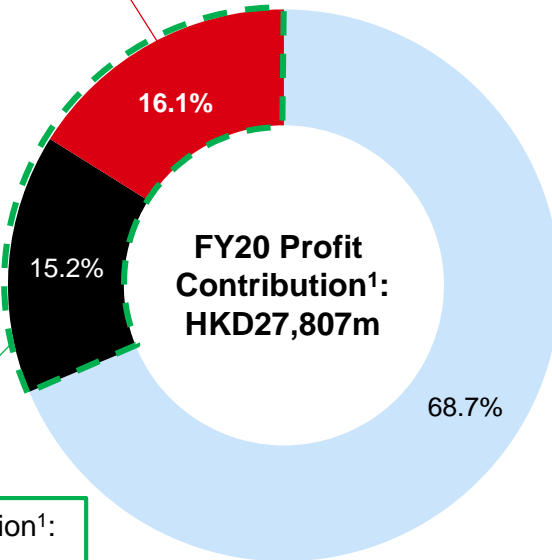
2 Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group (cont'd)

Profit Contribution¹ by segments

Pre-transaction

Post-transaction

Profit Contribution¹ from infrastructure & utility asset operation:
HKD4,488m
16.1% of total



Recurrent Profit Contribution¹:
HKD8,695m
31.3% of total

The Proposed Acquisition is expected to create an additional stream of stable income for the Group

Target Holdcos' aggregate profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) for year ended 31 Dec 2020²:
HKD978m

Principal activities of the Group:

Property sales

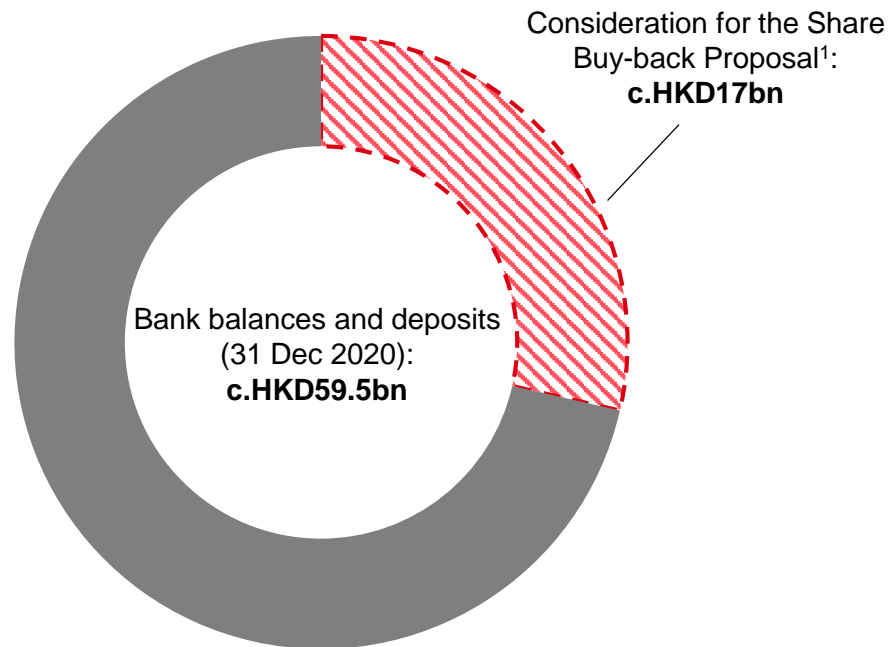
Infrastructure & utility asset operation

Other principal activities (including property rental, hotel and service suite operation, property and project management, aircraft leasing and pub operation)

Notes:

1. Profit Contribution refers to contribution from principal activities after depreciation, impairment and absorption of overhead expenses but before interest costs and tax
2. Financial information for Eagle Frame Limited, Mondrem Corporation and Moonstone Global Investment Limited for 2019 and 2020 and financial information for Gerbera Investments Limited for 2020 are based on the unaudited accounts of the respective companies. Financial information for Gerbera Investments Limited for 2019 is based on its audited accounts

3 Financially accretive transaction



Although the Purchase Price for the Proposed Acquisition will be settled by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer, the overall effect of the Proposal would be the **deployment of c.HKD17bn of cash¹** to acquire cash flow generating assets



The Proposal would be **financially accretive**



Cash distribution yield²: **5.35%**

- Purchase Price: HKD17bn
- HKD910m Cash Distributions for each of 2021 and 2022 guaranteed by LKSF

Further details of the financial effects of the Proposal will be set out in the Circular and Offer Document to be despatched to Shareholders on or around 26 April 2021³

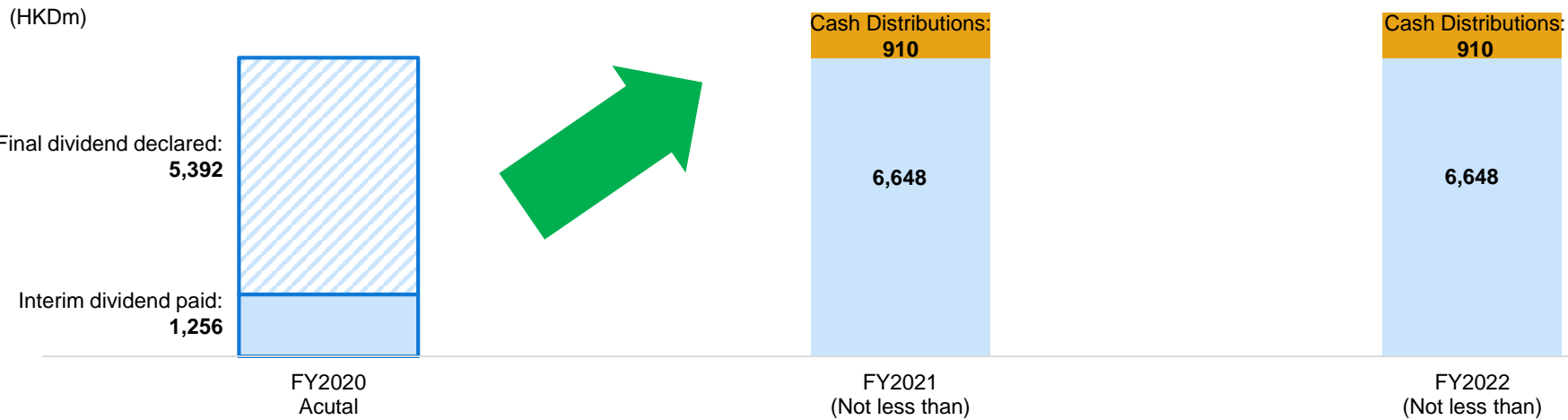
Notes:

1. Assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal
2. Calculated as HKD910m Cash Distributions divided by the Purchase Price
3. The Company has appointed Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of Proposal (including the Special Deal and the Whitewash Waiver) and as to voting by the Independent Shareholders. The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be included in the Circular and Offer Document

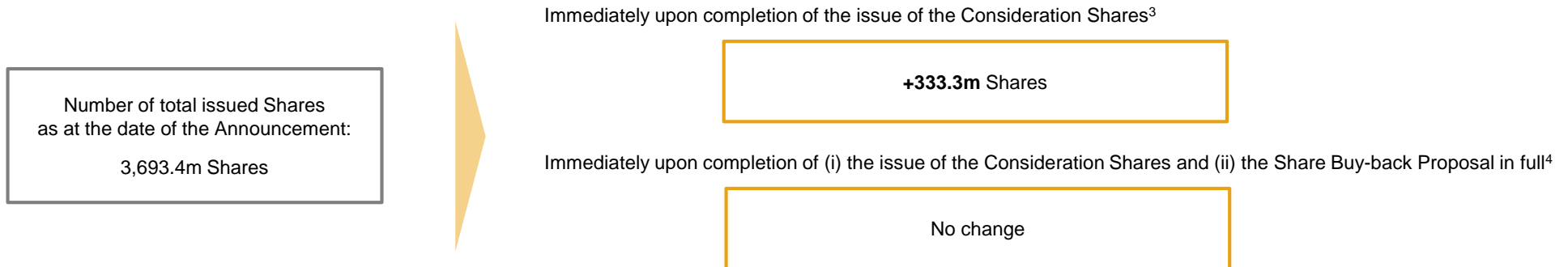
3 Financially accretive transaction (cont'd)

Proposed dividend arrangements

- Subject to completion of the Proposal, the total amount that the Company will pay in **dividends in respect of each of FY2021 and FY2022 will not be less than** an amount equal to the sum of (a) the **total amount to be paid by the Company in dividends in respect of FY2020** and (b) the **Cash Distributions**¹
- The effect of the foregoing is that the **total dividends per Share in respect of FY2021 and FY2022 will be higher than the total dividends per Share in respect of FY2020** irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal²



Change in the number of total issued Shares



Notes:

1. See page 2 for further details on Cash Distributions
2. Assuming that no new Shares are issued prior to the record date for the final dividend in respect of FY2022 other than pursuant to Proposed Acquisition

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3. Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the date of the Announcement up to and including the date of completion of the Proposal
4. Assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal and (iii) no Shares other than the Consideration Shares are issued from the date of the Announcement up to and including the date of completion of the Proposal

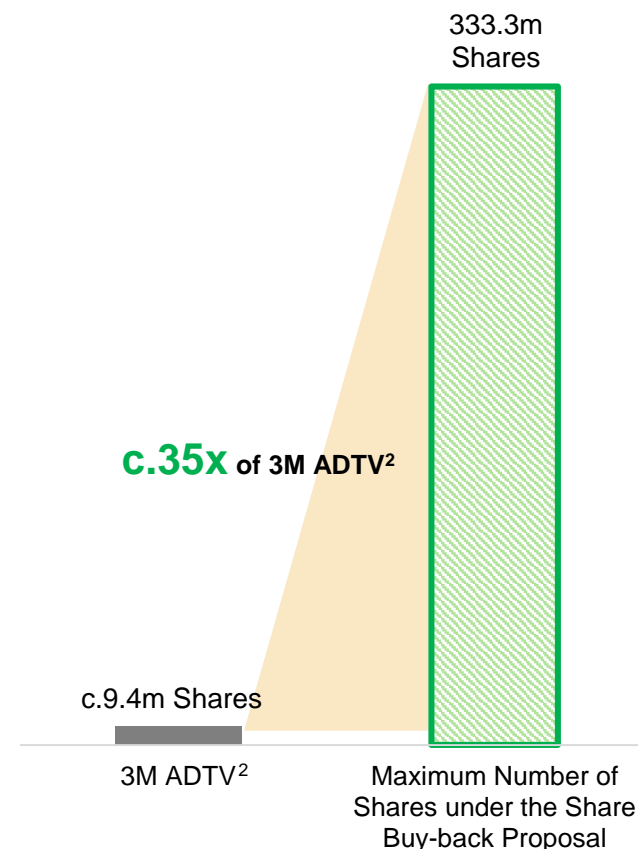
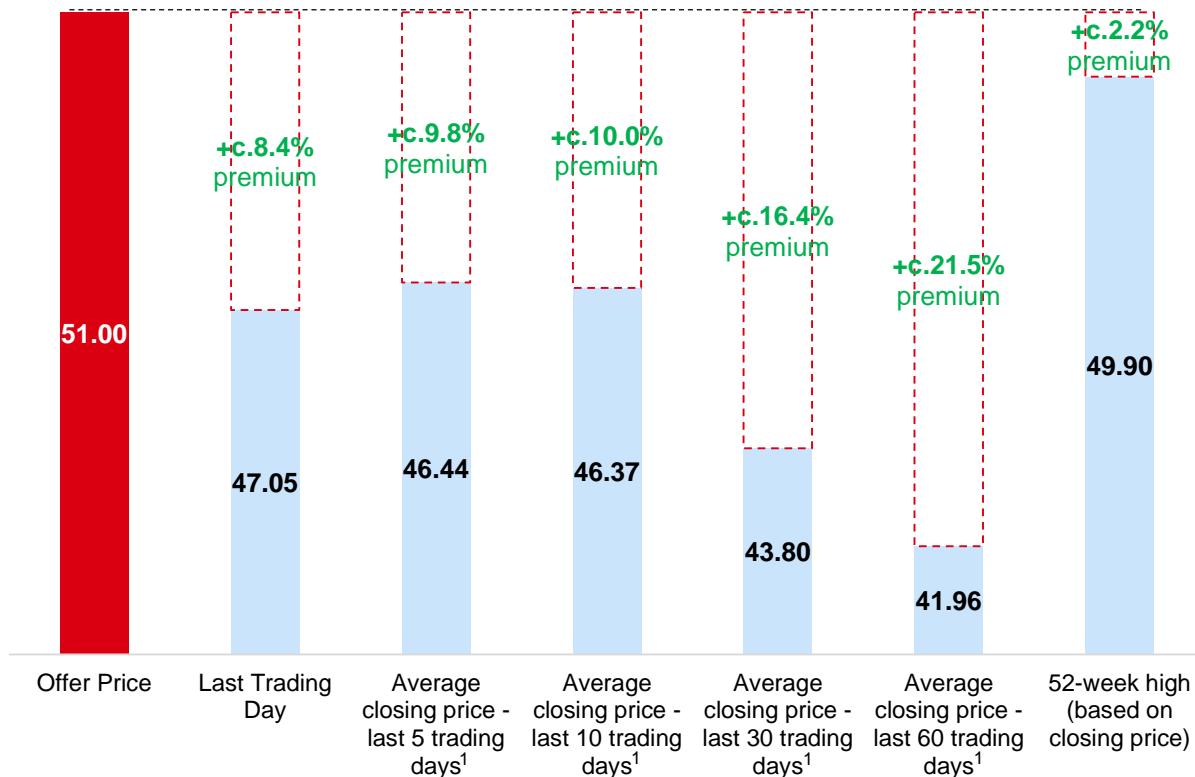
4 Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of announcement

The Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a **premium** to recent historic market prices if they so wish

The Offer Price represents a **premium** to recent historic market prices

Providing a liquidity event for Shareholders to monetise with price certainty

(HKD per Share)



Source: HKEx market data

Notes:

1. Ending on the Last Trading Day
2. Average daily traded volume in the past 3 months as of 18 March 2021

Appendix

Holding structure of the Target Holdcos

The Proposed Acquisition will **simplify the holding structure** of the Target Holdcos

Before completion of the Proposed Acquisition

	Ownership interests						Economic interests ^{3,4}					
	Company	LKSF	CKHH ¹	CKI ²	PAH	Total	Company	LKSF	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	-	20%	-	40%	40%	100%	-	20%	-	40%	40%	100%
Northumbrian Water	-	20%	40%	40%	-	100%	16%	20%	4%	52%	8%	100%
Wales & West Utilities	-	10%	30%	30%	30%	100%	12%	10%	3%	39%	36%	100%
Dutch Enviro Energy	-	10%	35%	35%	20%	100%	14%	10%	4%	46%	27%	100%

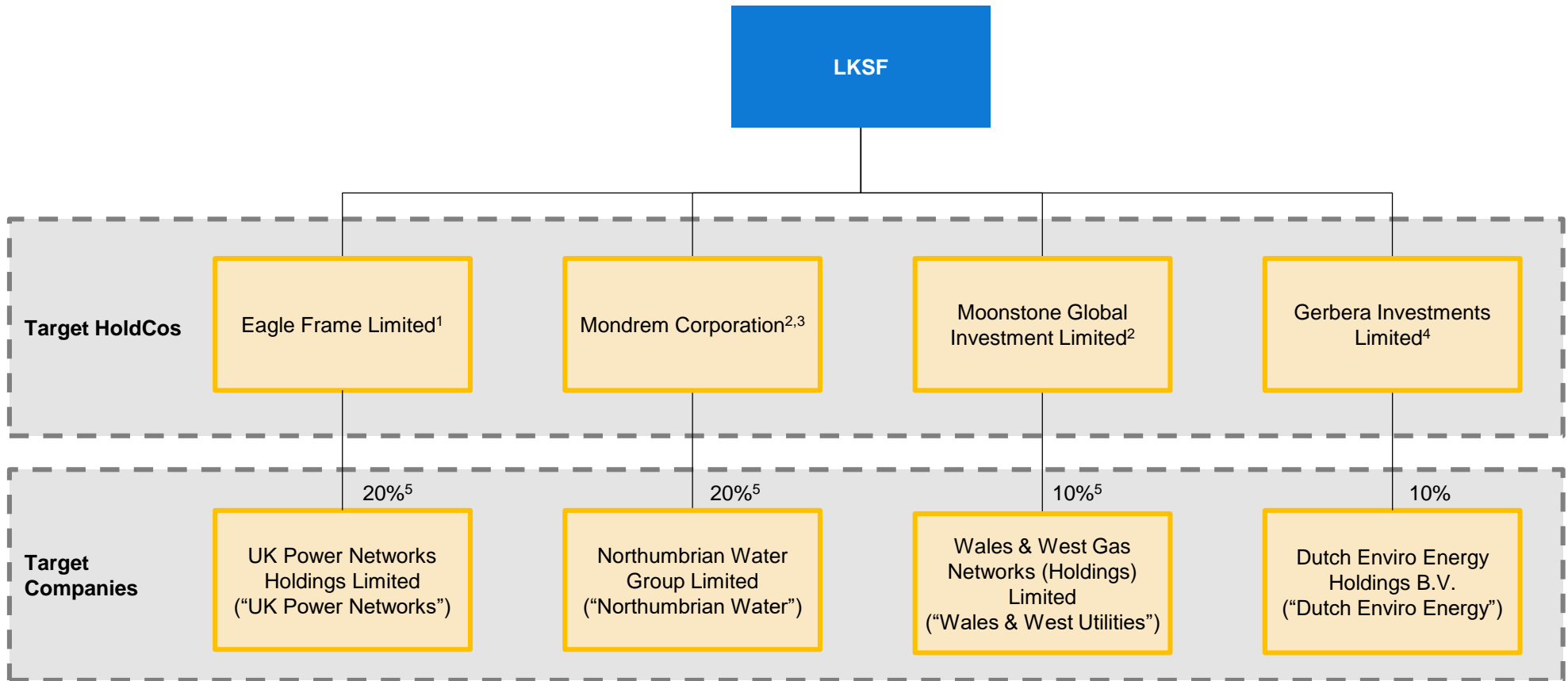
After completion of the Proposed Acquisition

	Ownership interests					Economic interests ^{3,4}				
	Company	CKHH ¹	CKI ²	PAH	Total	Company	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	20%	-	40%	40%	100%	20%	-	40%	40%	100%
Northumbrian Water	20%	40%	40%	-	100%	36%	4%	52%	8%	100%
Wales & West Utilities	10%	30%	30%	30%	100%	22%	3%	39%	36%	100%
Dutch Enviro Energy	10%	35%	35%	20%	100%	24%	4%	46%	27%	100%

Notes:

- Excludes ownership interests or economic interests owned by CKI
- Excludes ownership interests or economic interests owned by PAH
- For Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, this represents the split of economic interests arising from the respective economic benefits agreements entered into by the respective subsidiaries of the Company, CKHH, CKI and PAH in August 2018. For further details, please see the Company's announcement dated 31 August 2018
- UK Power Networks is not subject to the Economic Benefits Agreements

Existing holding structure of the Target Companies



Notes:

1. As at the date of this presentation, LKSF directly holds 70% of the shareholding interest in Fortune Cone Limited, which in turn indirectly holds 100% of the shareholding interest in Eagle Frame Limited. The remaining 30% of the shareholding interest in Fortune Cone Limited is held by LKSGF
2. Indirect wholly-owned subsidiary of LKSF
3. In addition to the indirect shareholding interest in Northumbrian Water, Mondrem Corporation also holds an indirect 20% shareholding interest in Northumbrian Services Limited and UK Water (2011) Limited. They do not contribute materially to the financial results of Mondrem Corporation
4. Direct wholly-owned subsidiary of LKSF
5. Indirectly held through other companies

Summary financials of the Target Companies

In local reporting currency

EBITDA¹ (100% basis)

			Based on audited accounts (except for financial year ended 31 Dec 2020 for Dutch Enviro Energy)		
	Currency / unit	Financial year ended	2018	2019	2020
UK Power Networks	GBP million	31 Mar	1,217	1,204	1,270
Northumbrian Water	GBP million	31 Mar	486	488	506
Wales & West Utilities	GBP million	31 Mar	243	265	313
Dutch Enviro Energy	EUR million	31 Dec	120	130	134 ⁵

Net debt and RAV or RCV (100% basis)

		As of 31 Mar 2020	As of 31 Mar 2020 or 31 Dec 2020
	Currency / unit	RAV or RCV	Net debt (excluding shareholder loan)
UK Power Networks	GBP billion	6.3 ²	4.6 ⁴
Northumbrian Water	GBP billion	4.3 ³	3.2 ⁴
Wales & West Utilities	GBP billion	2.2 ²	1.5 ⁴
Dutch Enviro Energy	EUR billion	n/a	0.3 ⁵

Notes:

- EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation and is a non-IFRS financial measure
- RAV is the value ascribed by the relevant regulator to the capital employed in the company's regulated business (i.e. the regulated asset base)
- RCV is a measure published by the relevant regulator primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV
- As of 31 Mar 2020 based on audited accounts
- As of 31 Dec 2020 based on unaudited management accounts

Summary financials of the Target Companies

In Hong Kong Dollars

EBITDA¹ (100% basis)

	Currency / unit	Financial year ended	2018	2019	2020
UK Power Networks	HKD million	31 Mar	13,131	12,991	13,703
Northumbrian Water	HKD million	31 Mar	5,244	5,266	5,460
Wales & West Utilities	HKD million	31 Mar	2,622	2,859	3,377
Dutch Enviro Energy	HKD million	31 Dec	1,109	1,201	1,238

Net debt and RAV or RCV (100% basis)

		As of 31 Mar 2020	As of 31 Mar 2020 or 31 Dec 2020
	Currency / unit	RAV or RCV	Net debt (excluding shareholder loan)
UK Power Networks	HKD billion	68.3 ²	49.4 ⁴
Northumbrian Water	HKD billion	46.6 ³	34.3 ⁴
Wales & West Utilities	HKD billion	23.9 ²	16.0 ⁴
Dutch Enviro Energy	HKD billion	n/a	2.9 ⁵

Notes: the figures in "GBP" are converted into HKD at the rate of GBP1.00: HKD10.79 and the figures in "EUR" are converted into HKD at the rate of EUR1.00: HKD9.24 for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate

1. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation and is a non-IFRS financial measure

2. RAV is the value ascribed by the relevant regulator to the capital employed in the company's regulated business (i.e. the regulated asset base)

3. RCV is a measure published by the relevant regulator primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV

4. As of 31 Mar 2020

5. As of 31 Dec 2020

Summary financials of the Target Holdcos

	Net assets	Profit before (i) taxation, (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) ²		Profit before taxation for the year ³	
	2020	2019	2020	2019	2020
Financial year ended 31 Dec (HKDm) ¹					
Eagle Frame Limited	8,022	633	636	845	2,591
Mondrem Corporation	3,776	253	245	509	567
Moonstone Global Investment Limited	1,103	48	48	71	66
Gerbera Investments Limited	978	52	49	77	310
Total	13,879	986	978	1,502	3,534

Notes:

1. Financial information for Eagle Frame Limited, Mondrem Corporation and Moonstone Global Investment Limited for 2019 and 2020 and financial information for Gerbera Investments Limited for 2020 are based on the unaudited accounts of the respective companies. Financial information for Gerbera Investments Limited for 2019 is based on its audited accounts
2. For each Target Holdco, profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) and profit (i) after taxation; (ii) before gain on fair value changes of financial assets; and (iii) before exchange gain / (loss) are the same, given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020
3. Profit before taxation and profit for the year for each Target Holdco are the same given there were no tax expenses for each of the financial years ended 31 Dec 2019 and 2020

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This presentation is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

Shareholders of and/or potential investors in the Company should note that the Proposal is subject to all of the conditions of the Proposal being fulfilled or waived (as applicable) and therefore may or may not become unconditional. If any of the conditions is not fulfilled or waived (as applicable), the Proposal will not proceed and will immediately lapse.

Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Shareholders are advised to read carefully the formal documentation relating to the Proposal once it has been despatched, which will contain among other things, advice from the Independent Financial Adviser to the Independent Shareholders and the advice of the Independent Board Committee.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any state of the United States has (a) approved or disapproved the Share Buy-back Offer, (b) passed upon the merits or fairness of the Share Buy-back Offer, or (c) passed upon the adequacy or accuracy of the disclosure in this presentation. Any representation to the contrary is a criminal offense.