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**CHEUNG KONG (HOLDINGS) LIMITED**  
長江實業(集團)有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0001)**



**Hutchison Whampoa Limited**  
和記黃埔有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0013)**

**(1) Cheung Kong Reorganisation Proposal –  
Change of the Holding Company of the Cheung Kong Group from Cheung Kong to CKH  
Holdings by way of a Scheme of Arrangement**

**(2) Merger Proposal –**

**(a) Proposed Acquisition by the Hutchison Group of 6.24% of the Common Shares  
of Husky in issue and (b) Proposed Share Exchange Offer to the Hutchison Scheme  
Shareholders for the Cancellation of all the Hutchison Scheme Shares by way of  
a Scheme of Arrangement**

**and**

**(3) Spin-off Proposal –**

**Proposed Spin-off and Separate Listing of the Property Businesses of the CKH Holdings  
Group on the Stock Exchange by way of Introduction**

**Financial Adviser to  
Cheung Kong and CKH Holdings in relation to  
the Cheung Kong Reorganisation Proposal  
and to  
Cheung Kong, CKH Holdings and the  
Hutchison Proposal Offeror  
in relation to the Merger Proposal**

**Independent Financial Adviser to  
Cheung Kong, CKH Holdings and the  
Hutchison Proposal Offeror  
in relation to the Merger Proposal**

**HSBC** 

**ANGLO CHINESE**   
CORPORATE FINANCE, LIMITED

**The Proposals relate to the reorganisation and combination of the businesses of the Cheung Kong Group and the Hutchison Group to create two new leading Hong Kong listed companies as follows:**

- **CKH Holdings, which will take over all the non-property businesses of both groups; and**
- **CK Property, which will combine the property businesses of both groups.**

Cheung Kong intends to put forward to the Cheung Kong Shareholders the Cheung Kong Reorganisation Proposal whereby the holding company of the Cheung Kong Group will be changed from Cheung Kong to CKH Holdings by way of a scheme of arrangement. Under the Cheung Kong Reorganisation Proposal, the Cheung Kong Scheme Shareholders will receive one CKH Holdings Share for every one Cheung Kong Scheme Share held at the Cheung Kong Scheme Record Time and all the Cheung Kong Scheme Shares will be cancelled and extinguished.

**Completion of the Cheung Kong Reorganisation Proposal is:**

- (a) **a condition precedent to completion of the Husky Share Exchange; and**
- (b) **a pre-condition to the making of the Hutchison Proposal.**

**Completion of the Husky Share Exchange and the Hutchison Proposal will be a condition precedent to completion of the Spin-off Proposal. If the Cheung Kong Reorganisation Proposal is not completed, the Husky Share Exchange, the Hutchison Proposal and the Spin-off Proposal will not proceed.**

Under the Husky Share Exchange, the Husky Sale Shares Purchaser (an indirect wholly-owned subsidiary of Hutchison) has conditionally agreed to acquire 6.24% of the common shares of Husky in issue from a company indirectly wholly owned by the Trust, in exchange for the issue of 84,427,246 new CKH Holdings Shares by CKH Holdings, representing a share exchange ratio of 1.376 new CKH Holdings Shares for every one Husky Share to be acquired.

Under the Hutchison Proposal, the CKH Holdings Group will make a conditional share exchange offer to the Hutchison Scheme Shareholders for the cancellation of all the Hutchison Scheme Shares (which will be all the Hutchison Shares in issue other than those held by the Cheung Kong Group), in exchange for newly issued CKH Holdings Shares in the following ratio, based on the holding of Hutchison Scheme Shares at the Hutchison Scheme Record Time:

**For every one Hutchison Scheme Share held . . . . . 0.684 of a CKH Holdings Share**

The above exchange ratio has been determined on the following basis:

<i>Average closing price per ordinary share for the five trading days up to (and including) 7 January 2015</i>		<i>Exchange ratio</i>
<i>Cheung Kong</i>	<i>Hutchison</i>	
HK\$129.06	HK\$88.28	0.684 of a CKH Holdings Share for every one Hutchison Scheme Share

Under the Spin-off Proposal, the CKH Holdings Shareholders will receive one CK Property Share for every one CKH Holdings Share held by them at the DIS Record Time pursuant to the Distribution In Specie.

## A. INTRODUCTION

The Cheung Kong Board and Hutchison Board jointly announce the following proposals:

- (1) ***The Cheung Kong Reorganisation Proposal*** – Cheung Kong intends to put forward to the Cheung Kong Shareholders the Cheung Kong Reorganisation Proposal whereby the holding company of the Cheung Kong Group will be changed from Cheung Kong to CKH Holdings, a company incorporated in the Cayman Islands, by way of a scheme of arrangement. Upon the Cheung Kong Scheme becoming effective, (i) all the Cheung Kong Scheme Shares (which will be all the Cheung Kong Shares in issue) will be cancelled and extinguished and the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will receive one CKH Holdings Share for every one Cheung Kong Scheme Share held at the Cheung Kong Scheme Record Time and (ii) Cheung Kong and its subsidiaries will become subsidiaries of CKH Holdings. Accordingly, the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will hold the same proportionate interests in CKH Holdings as they hold in Cheung Kong at the Cheung Kong Scheme Record Time. CKH Holdings will make an application to the Stock Exchange for the listing of the CKH Holdings Shares on the Main Board by way of introduction. Upon completion of the Cheung Kong Reorganisation Proposal, CKH Holdings will control and operate the same assets and businesses as Cheung Kong.
- (2) ***The Merger Proposal*** – It is proposed that, after completion of the Cheung Kong Reorganisation Proposal, the following transactions will be implemented subject to the fulfilment (or, where relevant, waiver) of their respective conditions precedent:
  - (i) ***The Husky Share Exchange*** – Pursuant to the Husky Share Exchange Agreement dated 9 January 2015, the Husky Sale Shares Purchaser (an indirect wholly-owned subsidiary of Hutchison) will acquire from the Husky Sale Shares Vendor (a company indirectly wholly owned by the Trust) approximately 6.24% of the common shares of Husky in

issue. The consideration for the acquisition will be satisfied by the issue of 84,427,246 new CKH Holdings Shares by CKH Holdings, credited as fully paid (representing a share exchange ratio of 1.376 new CKH Holdings Shares for every one Husky Share to be acquired). Such share exchange ratio has been determined based on the average closing price of the Cheung Kong Shares on the Stock Exchange for the five trading days up to (and including) 7 January 2015 and the average closing price of the Husky Shares on the Toronto Stock Exchange for the five trading days up to (and including) 6 January 2015, without any premium or discount, and using the Specified Currency Exchange Rate. On completion of the Husky Share Exchange, assuming that there are no other changes in the shareholding of Husky, the Hutchison Group will own an aggregate of approximately 40.2% of the common shares of Husky in issue. Subject to the fulfilment (or, where relevant, waiver) of the conditions precedent to the Husky Share Exchange, the Husky Share Exchange will be completed immediately prior to completion of the Hutchison Proposal (as described below); and

(ii) ***The Hutchison Proposal*** – The CKH Holdings Group will make a conditional share exchange offer to the Hutchison Scheme Shareholders for the cancellation of all the Hutchison Scheme Shares by way of a scheme of arrangement. Subject to the fulfilment (or, where relevant, waiver) of the conditions precedent to the Hutchison Proposal, the Hutchison Proposal will be completed immediately after the Husky Share Exchange Completion. Pursuant to the Hutchison Scheme, all the Hutchison Scheme Shares (which will be all the Hutchison Shares in issue other than those held by the Cheung Kong Group) will be cancelled and extinguished and the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison Overseas Shareholders, if any) will receive new CKH Holdings Shares at the share exchange ratio of 0.684 of a new CKH Holdings Share for every one Hutchison Scheme Share held at the Hutchison Scheme Record Time. Such share exchange ratio has been determined based on the average closing prices of the Cheung Kong Shares and the Hutchison Shares on the Stock Exchange for the five trading days up to (and including) 7 January 2015, without any premium or discount. On completion of the Hutchison Proposal, Hutchison will become a wholly-owned subsidiary of CKH Holdings.

(3) ***The Spin-off Proposal*** – It is proposed that, immediately following completion of the Hutchison Proposal, the Group Property Businesses will be transferred to the CK Property Group, which will at that time be wholly owned by CKH Holdings. All the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination (for which an application will be made to the Stock Exchange for the listing on the Main Board by way of introduction) will then be distributed by CKH Holdings by way of the Distribution In Specie to the CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) as at the DIS Record Time at the distribution ratio of one CK Property Share for every one CKH Holdings Share then held. These CKH Holdings Shareholders will include, among others, holders of the CKH Holdings Shares to be issued to (i) the Husky Sale Shares Vendor (or as it may direct) pursuant to the Husky Share Exchange and (ii) the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison

Overseas Shareholders, if any) pursuant to the Hutchison Scheme. The Spin-off Proposal will be subject to the fulfilment (or, where relevant, waiver) of a number of conditions precedent, as detailed below.

The Proposals will result in the non-property businesses and the property businesses of the Cheung Kong Group and the Hutchison Group being combined and the combined non-property businesses and combined property businesses then being separated and held by two Hong Kong listed companies, namely CKH Holdings and CK Property, respectively.

### **Conditions of the Proposals**

The implementation of the Proposals will be subject to a number of conditions as described below.

#### ***(1) The Cheung Kong Reorganisation Proposal***

Completion of the Cheung Kong Reorganisation Proposal is subject to a number of conditions precedent, including, among other things, (i) the approval by the Cheung Kong Shareholders of the Cheung Kong Scheme and the sanctioning by the Court of the Cheung Kong Scheme, and (ii) the approval of the Listing Committee for the listing of the CKH Holdings Shares on the Main Board by way of introduction.

If the Cheung Kong Reorganisation Proposal is not completed, the Merger Proposal and the Spin-off Proposal will not proceed.

#### ***(2) The Merger Proposal***

##### ***(i) The Husky Share Exchange***

Completion of the Husky Share Exchange is subject to a number of conditions precedent, including, among other things, (a) the approval by the Independent CKH Holdings Shareholders of the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange, and (b) the fulfilment (or, where relevant, waiver) of the conditions precedent to the Hutchison Proposal and the Spin-off Proposal. The Husky Share Exchange, if it becomes unconditional, will be completed immediately before completion of the Hutchison Proposal.

##### ***(ii) The Hutchison Proposal***

The making of the Hutchison Proposal is pre-conditional on completion of the Cheung Kong Reorganisation Proposal. This means that the Hutchison Proposal will only be made if the Cheung Kong Reorganisation Proposal is completed. If such pre-condition is fulfilled and the Hutchison Proposal is made, completion of the Hutchison Proposal will be subject to a number of conditions precedent, including, among other things, (a) the

approval by the Independent CKH Holdings Shareholders of the Hutchison Proposal, (b) the approval by the Independent Hutchison Shareholders of the Hutchison Scheme and the sanctioning by the Court of the Hutchison Scheme, and (c) completion of the Husky Share Exchange pursuant to the Husky Share Exchange Agreement. The Hutchison Proposal, if it becomes unconditional, will be completed immediately after the Husky Share Exchange is completed.

The Hutchison Proposal will be subject to the Takeovers Code. Anglo Chinese, which has been engaged as independent financial adviser to each of Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror in relation to the Merger Proposal pursuant to Rule 2.4 of the Takeovers Code, has advised that, having taken into account, among others, the terms of the Hutchison Scheme, the terms of the Husky Share Exchange and the anticipated benefits expected to arise from the objectives of the Proposals, it considers that the Hutchison Proposal is in the interests of the respective shareholders of Cheung Kong and (upon completion of the Cheung Kong Reorganisation Proposal) CKH Holdings and the Hutchison Proposal Offeror. A copy of the full advice of Anglo Chinese will be included in the CKH Holdings Circular.

### ***(3) The Spin-off Proposal***

The Distribution In Specie under the Spin-off Proposal will be subject to a number of conditions precedent, including, among other things, (i) completion of the Husky Share Exchange and the Hutchison Proposal, and (ii) the approval of the Listing Committee for the listing of the CK Property Shares on the Main Board by way of introduction. The Distribution In Specie under the Spin-off Proposal, if it becomes unconditional, will be completed immediately after the Hutchison Proposal is completed.

Cheung Kong has, on behalf of CKH Holdings, submitted an application to the Stock Exchange for the approval of the Spin-off Proposal pursuant to PN 15, and the Stock Exchange has agreed that CKH Holdings may proceed with the Spin-off Proposal.

The Cheung Kong Reorganisation Proposal is separate from and is not conditional upon any part of the Merger Proposal or the Spin-off Proposal being made or becoming unconditional or effective.

Subject to the fulfilment of the conditions as detailed in this announcement, it is expected that the Proposals will be completed around the end of the first half of 2015.

## **B. OBJECTIVES OF THE PROPOSALS**

In summary, the objectives of the Proposals are to:

- (a) create shareholders' value through the elimination of the holding company discount of Cheung Kong's stake in Hutchison;

- (b) provide greater transparency and business coherence;
- (c) remove the layered holding structure between Cheung Kong and Hutchison, allowing shareholders to directly invest in two separate listed vehicles alongside the Trust;
- (d) enable all shareholders to hold shares in CKH Holdings and CK Property directly, enhancing investment flexibility and efficiencies; and
- (e) enhance size and scale.

Please refer to the further details about the objectives of the Proposals in this announcement.

### **C. LISTING RULES IMPLICATIONS**

For the purposes of the Listing Rules:

- (a) the Husky Share Exchange will constitute a connected transaction for Hutchison;
- (b) the issue of the CKH Holdings Shares by CKH Holdings pursuant to the Husky Share Exchange will constitute a connected transaction for CKH Holdings; and
- (c) the Hutchison Proposal will constitute a very substantial acquisition and a connected transaction for CKH Holdings.

Please refer to the further details of the Listing Rules implications of the Husky Share Exchange and the Hutchison Proposal in this announcement.

### **D. PROPOSED DIVIDEND ARRANGEMENTS**

Please refer to the proposed dividend arrangements of Cheung Kong (or CKH Holdings, if the Cheung Kong Reorganisation Proposal has been completed), Hutchison and (if the Merger Proposal and the Spin-off Proposal have been completed) CK Property, as set out in this announcement.

### **E. WARNINGS**

**Shareholders and holders of other securities of either Cheung Kong or Hutchison, and potential investors in the securities of either Cheung Kong or Hutchison, should note that the Cheung Kong Reorganisation Proposal, the Merger Proposal, the Spin-off Proposal and all transactions thereunder are subject to, among other things, compliance with applicable legal and regulatory requirements, including the requirements for approval by shareholders of the companies concerned at general meeting(s), sanction by the Court and approval of the Stock Exchange and/or other regulators. Accordingly, there is no certainty as to**

**whether, and if so when, any such proposed transactions will proceed and/or will become effective.**

**Shareholders and holders of other securities of either Cheung Kong or Hutchison, and potential investors in the securities of either Cheung Kong or Hutchison, should exercise caution when dealing in the shares or other securities of either Cheung Kong and Hutchison. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## **A. INTRODUCTION**

The Cheung Kong Board and the Hutchison Board jointly announce the Cheung Kong Reorganisation Proposal, the Merger Proposal and the Spin-off Proposal, as detailed below.

Subject to the fulfilment (or, where relevant, waiver) of the conditions to the Proposals, it is expected that the Proposals will be completed around the end of the first half of 2015.

## **B. OBJECTIVES OF THE PROPOSALS**

The objectives of the Proposals are as follows:

### **(a) Shareholder value creation through the elimination of the holding company discount of Cheung Kong's stake in Hutchison**

The Proposals should immediately realise value for shareholders through the elimination of the Cheung Kong holding company discount associated with the existing tiered shareholding structure as no Hutchison Shares will be held indirectly. Based on the closing prices of the Cheung Kong Shares on the Stock Exchange on 7 January 2015, the Cheung Kong Shares were trading at a 23.0% discount to, or HK\$87 billion less than, Cheung Kong's book equity value attributable to shareholders as at 30 June 2014 (based on the unaudited consolidated financial statements of Cheung Kong for the six months ended 30 June 2014), which included its 49.97% stake in Hutchison. A part of this is attributable to the holding company discount on Cheung Kong's stake in Hutchison, which would be eliminated through the Proposals as shareholders will hold shares in CKH Holdings and CK Property directly.

Since the exchange ratios for each of the Husky Share Exchange and the Hutchison Proposal have been determined by reference to the average closing prices of Cheung Kong and Hutchison for the five trading days up to (and including) 7 January 2015 and the average closing price of Husky for the five trading days up to (and including) 6 January 2015 with no premium involved, all Cheung Kong Shareholders and Hutchison Shareholders will be able to benefit from the continuing growth of the distinct businesses of CKH Holdings and CK Property.

**(b) Greater transparency and business coherence**

After completion of the Proposals, the business profiles of CKH Holdings and CK Property will be very clearly delineated. As a result, shareholders and potential investors will be better able to differentiate and value the businesses of the CKH Holdings Group and the CK Property Group based on their respective earnings, cash flow and net asset value profiles. The increased transparency and greater coherence in the grouping of the existing businesses of the Cheung Kong Group and the Hutchison Group under the new structure is expected to enhance value, in particular given the differences between the valuation methodologies investors would normally apply to the property business of CK Property and the diversified portfolio of infrastructure and consumer businesses of CKH Holdings.

The Proposals will align the businesses of each of CKH Holdings and CK Property with their respective investor bases and eliminate the investment arbitrage that originates from valuation mismatch between Cheung Kong and Hutchison.

**(c) Removal of the layered holding structure allows shareholders to directly invest in two separate listed vehicles alongside the Trust**

At present, under the Listing Rules, the Trust is the controlling shareholder of Cheung Kong, which in turn owns 49.97% of Hutchison. After completion of the Proposals, under the Listing Rules, the Trust will be the controlling shareholder of each of CKH Holdings and CK Property, and the Li family will continue to chair and lead the management of both companies.

**(d) All shareholders to hold CKH Holdings Shares and CK Property Shares directly, enhancing investment flexibility and efficiencies**

Upon completion of the Proposals, all eligible Cheung Kong Shareholders and Hutchison Shareholders will hold CKH Holdings Shares and CK Property Shares directly. This will provide all shareholders with the choice to adjust their shareholdings in CKH Holdings and/or CK Property according to their individual investment objectives and preferences.

**(e) Enhanced size and scale**

After completion of the Proposals, the CKH Holdings Group will be a multinational conglomerate of significant size and scale, operating in over 50 countries. Infrastructure assets currently owned by the Cheung Kong Group, which contributed HK\$1.6 billion to the profit before tax in the financial year of 2013 for Cheung Kong, will be consolidated with the infrastructure assets currently owned by the Hutchison Group in the accounts of CKH Holdings, and there will be an increased interest in the energy sector through CKH Holdings becoming the largest shareholder in Husky. In addition, the portfolio of the CKH Holdings Group will include the Hutchison Group's existing operations in the ports and related services, retail and telecommunications. The Cheung Kong Group's newly acquired business of ownership and leasing of movable assets will further diversify the CKH Holdings Group's business mix.

CK Property will be one of the largest property companies listed in Hong Kong with a leading market share in Hong Kong, strong penetration in the PRC and an international presence. As at 30 November 2014, the property businesses of the Cheung Kong Group and the Hutchison Group which will be transferred to the CK Property Group include a total attributable interest in approximately 17 million square feet of rental properties, a development landbank of approximately 170 million square feet (including approximately 158 million square feet in the PRC) and more than 14,600 hotel rooms, making CK Property the largest hotel owner-operator listed in Hong Kong.

## **C. THE CHEUNG KONG REORGANISATION PROPOSAL**

### **1. Summary of the Cheung Kong Reorganisation Proposal**

The Cheung Kong Board proposes to reorganise the Cheung Kong Group by way of the Cheung Kong Scheme, such that:

- (i) CKH Holdings, an exempted company newly incorporated in the Cayman Islands with limited liability, will become the new holding company of the Cheung Kong Group. Accordingly, Cheung Kong and its subsidiaries will become subsidiaries of CKH Holdings; and
- (ii) the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will receive one CKH Holdings Share for every Cheung Kong Scheme Share held at the Cheung Kong Scheme Record Time. Accordingly, the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will have the same proportionate interests in CKH Holdings as they hold in Cheung Kong at the Cheung Kong Scheme Record Time.

Under the Cheung Kong Scheme, it is proposed that on the Cheung Kong Scheme Effective Date:

- (a) the share capital of Cheung Kong will be reduced by cancelling and extinguishing the Cheung Kong Scheme Shares (being all the Cheung Kong Shares in issue at the Cheung Kong Scheme Record Time);
- (b) subject to and immediately upon such reduction of capital taking effect, the share capital of Cheung Kong will be increased to its former amount by the creation of such number of new Cheung Kong Shares as is equal to the number of Cheung Kong Scheme Shares cancelled;
- (c) Cheung Kong will apply all credit arising in its books of account as a result of the capital reduction in paying up the newly created Cheung Kong Shares, which will be allotted and issued, credited as fully paid, to CKH Holdings; and

- (d) in consideration for the cancellation and extinguishment of the Cheung Kong Scheme Shares, the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will receive CKH Holdings Shares (ranking pari passu with each other), credited as fully paid, on the basis of one CKH Holdings Share for every one Cheung Kong Scheme Share held at the Cheung Kong Scheme Record Time.

CKH Holdings will make an application to the Stock Exchange for the listing by way of introduction of, and permission to deal in, the CKH Holdings Shares on the Main Board. Upon completion of the Cheung Kong Reorganisation Proposal, CKH Holdings will control and operate the same assets and businesses as Cheung Kong, and the listing status of Cheung Kong on the Stock Exchange will be withdrawn, while CKH Holdings will become listed on the Main Board.

Under the repealed section 166 of the previous Companies Ordinance (Chapter 32 of the Laws of Hong Kong), a scheme of arrangement was required to be approved by a majority in number of the shareholders present and voting in person or by proxy at the court meeting (the so-called “headcount test”). Under the Companies Ordinance which came into effect on 3 March 2014, the headcount test does not apply to a scheme of arrangement that involves a takeover offer. Pursuant to section 674(2) of the Companies Ordinance, for a scheme of arrangement that involves a takeover offer to be approved, the votes cast against the scheme must not exceed 10% of the voting rights attached to all disinterested shares. Cheung Kong has been advised that the Cheung Kong Scheme is a takeover offer under section 674 of the Companies Ordinance. This requirement is in addition to the requirement that the scheme must be approved by shareholders representing at least 75% of the voting rights of the shareholders present and voting, in person or by proxy, at the court meeting.

## **2. Conditions of the Cheung Kong Reorganisation Proposal**

Completion of the Cheung Kong Reorganisation Proposal is subject to the fulfilment (or, where relevant, waiver) of the following conditions precedent:

- (a) the Cheung Kong Scheme being approved by Cheung Kong Shareholders representing at least 75% of voting rights of Cheung Kong Shareholders present and voting, in person or by proxy, at the Cheung Kong Court Meeting, with votes cast against the Cheung Kong Scheme at the Cheung Kong Court Meeting not exceeding 10% of the total voting rights attached to all disinterested shares (as defined in Division 2 of Part 13 of the Companies Ordinance) of Cheung Kong;
- (b) the passing of special resolution(s) by the Cheung Kong Shareholders at the Cheung Kong General Meeting to approve (i) the Cheung Kong Scheme and (ii) the implementation of the Cheung Kong Scheme, including, in particular, the reduction of the issued share capital of Cheung Kong by cancelling and extinguishing the Cheung Kong Scheme Shares and the issue of the new Cheung Kong Shares to CKH Holdings;

- (c) the Cheung Kong Scheme, with or without modification, being sanctioned (and the proposed reduction of capital provided for in the Cheung Kong Scheme being confirmed) by the Court, and an office copy of the Court order together with the minute and a return that comply with subsections (2) and (3) of section 230 of the Companies Ordinance respectively being registered by the Companies Registrar;
- (d) the Listing Committee granting approval for the listing by way of introduction of, and permission to deal in, the CKH Holdings Shares in issue and to be issued pursuant to the Cheung Kong Scheme on the Main Board and such approval not having been revoked prior to the Cheung Kong Scheme becoming effective; and
- (e) all Authorisations which may be required in connection with the Cheung Kong Reorganisation Proposal under any existing contractual arrangements, including loan and other finance documentation, or regulatory requirements having been obtained and all regulatory filing obligations having been complied with.

CKH Holdings reserves the right to waive condition precedent (e) above, in whole or in part, and either generally or in respect of any particular matter. Conditions precedent (a) to (d) above cannot be waived in any event.

**The Cheung Kong Reorganisation Proposal is separate from and is not conditional upon any part of the Merger Proposal or the Spin-off Proposal being made or becoming unconditional or effective.**

### **3. Waivers from the SFC and the Stock Exchange**

Cheung Kong has applied to the SFC and the Stock Exchange for, and the SFC and the Stock Exchange have granted, waivers from compliance with all provisions of the Takeovers Code and certain provisions of the Listing Rules applicable to the Cheung Kong Reorganisation Proposal and/or the Cheung Kong Scheme Document, including the requirement for CKH Holdings to appoint a sponsor in relation to the listing of the CKH Holdings Shares by way of introduction on the Main Board.

In relation to the requirement for the Cheung Kong Reorganisation Proposal and/or the Cheung Kong Scheme Document to comply with the Takeovers Code, waiver from any such requirement has been granted by the SFC in light of the fact that, whilst in general the Takeovers Code governs takeovers and mergers affecting public companies in Hong Kong, under the Cheung Kong Reorganisation Proposal there will be no substantial change in the percentage shareholding of any shareholder, no acquisition or consolidation of control by any person, and shareholders' economic interests in Cheung Kong will not be affected by the implementation of the Cheung Kong Reorganisation Proposal. Accordingly, the Cheung Kong Reorganisation Proposal falls within the circumstances set out under Rule 2.10 of the Takeovers Code in which such a waiver is available.

Further details of the waivers will be included in the Cheung Kong Scheme Document.

#### **4. Effects of the Cheung Kong Reorganisation Proposal**

##### ***(a) Financial position***

The implementation of the Cheung Kong Reorganisation Proposal will not affect the business, net assets/liabilities or financial position of the Cheung Kong Group, save that professional costs and expenses relating to the establishment of CKH Holdings and the Cheung Kong Reorganisation Proposal will be incurred. Save for such costs and expenses, the consolidated assets and liabilities of the CKH Holdings Group upon completion of the Cheung Kong Reorganisation Proposal are expected to be the same as those of the Cheung Kong Group immediately prior to completion of the Cheung Kong Reorganisation Proposal.

##### ***(b) Business***

The business and management of the Cheung Kong Group will not be changed as a result of the implementation of the Cheung Kong Reorganisation Proposal. Immediately following completion of the Cheung Kong Reorganisation Proposal, CKH Holdings will become the holding company of the Cheung Kong Group, which will continue to carry on the present business activities of the Cheung Kong Group.

The Cheung Kong Group's present principal business activities comprise (i) property development and investment, hotels and serviced suites operation, property and project management; and (ii) investment in infrastructure businesses and securities, and ownership and leasing of movable assets. The Cheung Kong Group also has a 49.97% shareholding interest in Hutchison.

##### ***(c) Ownership, voting control and management***

Upon completion of the Cheung Kong Reorganisation Proposal:

- (i) the ownership, voting control and management of the Cheung Kong Group will, through CKH Holdings, remain as present;
- (ii) the interests of Cheung Kong in its subsidiaries will remain unaffected;
- (iii) all Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will receive CKH Holdings Shares on the basis of one CKH Holdings Share for every one Cheung Kong Share held at the Cheung Kong Scheme Record Time, and all CKH Holdings Shares will be credited as fully paid and will rank *pari passu* with each other; and
- (iv) the Cheung Kong Scheme Shareholders (other than the Non-Qualifying Cheung Kong Overseas Shareholders, if any) will hold the same proportionate interests in CKH Holdings as they hold in Cheung Kong at the Cheung Kong Scheme Record Time.

***(d) Directors and employees***

The existing Cheung Kong Directors are also the CKH Holdings Directors. There are no agreements or arrangements under which the emoluments or terms of service of any CKH Holdings Director who is a Cheung Kong Director will be changed as a result of implementation of the Cheung Kong Reorganisation Proposal nor will the terms of service of any employee of the Cheung Kong Group be varied as a result of implementation of the Cheung Kong Reorganisation Proposal. However, after completion of the Cheung Kong Reorganisation Proposal and in preparation for the Spin-off Proposal, changes are expected to be made to the CKH Holdings Board (please refer to the section headed “E. The Spin-off Proposal in relation to the Group Property Businesses – 5. The Boards of Directors of CKH Holdings and CK Property following completion of the Spin-off Proposal” below for details of the proposed board of directors of each of CKH Holdings and CK Property following completion of the Spin-off Proposal).

***(e) Convertibles and share option scheme***

Cheung Kong and CKH Holdings do not have any share option schemes and there are no outstanding options or convertible securities issued by Cheung Kong or CKH Holdings as at the date of this announcement. CKH Holdings does not currently propose to adopt any share option scheme.

***(f) Dividends***

It is intended that dividends on CKH Holdings Shares will, as for the Cheung Kong Shares, be paid in Hong Kong dollars. Similar to the case at present in relation to the Cheung Kong Shares, payments of dividends on CKH Holdings Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of dividends to CKH Holdings Shareholders under Cayman Islands law. Cheung Kong Shareholders and other investors should, however, obtain their own professional advice in relation to their tax position in their particular circumstances.

**5. Simplified group structure immediately before and after the Cheung Kong Scheme becoming effective**

Set out in Appendix A are the simplified structures of the Cheung Kong Group (a) as at the date of this announcement and as it is expected to be immediately before completion of the Cheung Kong Reorganisation Proposal, and (b) immediately following completion of the Cheung Kong Reorganisation Proposal, respectively.

## **6. Reasons for the Cheung Kong Reorganisation Proposal**

The Cheung Kong Reorganisation Proposal will provide greater flexibility for making distributions to CKH Holdings Shareholders.

Without first completing the Cheung Kong Reorganisation Proposal, the Spin-off Proposal, if it were made by Cheung Kong, would utilise a significant portion of Cheung Kong's distributable reserve since under the Companies Ordinance, a Hong Kong company may only make distributions to shareholders out of its profits available for distribution. By contrast, the Cayman Companies Law permits a Cayman Islands company to make distributions out of profits and, subject to a solvency test and any provisions of the company's memorandum and articles of association, out of the share premium account. The Cheung Kong Reorganisation Proposal will create a substantial share premium in CKH Holdings, which will facilitate the Spin-off Proposal, the payment of dividends in the ordinary course or special dividends when appropriate and also any future corporate exercise involving significant share issues to CKH Holdings Shareholders or a significant distribution to CKH Holdings Shareholders, without limiting CKH Holdings' ability to pay ordinary or special dividends in the future. This will be the case, regardless of whether such exercise comprises the Merger Proposal and the Spin-off Proposal, or any other exercise if the Merger Proposal and the Spin-off Proposal do not proceed. Accordingly, the Cheung Kong Reorganisation Proposal will provide CKH Holdings with significant financial flexibility to make distributions to shareholders and continue to create shareholder value.

In addition, the Cayman Islands is one of the Stock Exchange's accepted jurisdictions for issuers seeking a listing on the Main Board.

## **7. Recommendation of the Cheung Kong Board**

Having taken into account (i) the background to the Cheung Kong Reorganisation Proposal; and (ii) the detailed reasons for the implementation and the effects of the Cheung Kong Reorganisation Proposal as set out above, the Cheung Kong Directors consider that the Cheung Kong Reorganisation Proposal is in the interests of Cheung Kong and the Cheung Kong Shareholders as a whole. Accordingly, the Cheung Kong Directors recommend that the Cheung Kong Shareholders vote in favour of the relevant resolutions to be proposed at the Cheung Kong Court Meeting and the Cheung Kong General Meeting, respectively, to approve the Cheung Kong Scheme and its implementation.

## **8. Indication as to voting**

The Trust, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor have indicated to Cheung Kong that the Cheung Kong Shares held by them or held through their controlled companies will be voted in favour of the resolutions to be proposed at the Cheung Kong Court Meeting and the Cheung Kong General Meeting to approve the Cheung Kong Scheme and its implementation.

## 9. Non-Qualifying Cheung Kong Overseas Shareholders

The making of the Cheung Kong Reorganisation Proposal to certain Cheung Kong Shareholders may be subject to the laws of jurisdictions other than Hong Kong. Cheung Kong Overseas Shareholders should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Cheung Kong Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Cheung Kong Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

The Cheung Kong Scheme will provide that if the law of any relevant jurisdiction precludes an offer of the CKH Holdings Shares, or precludes it except after compliance by CKH Holdings with conditions with which CKH Holdings is unable to comply or that CKH Holdings regards as unduly onerous, no CKH Holdings Shares will be issued or transferred to the relevant Non-Qualifying Cheung Kong Overseas Shareholders.

In such case, the CKH Holdings Shares which would otherwise have been allotted or transferred to the relevant Non-Qualifying Cheung Kong Overseas Shareholders under the Cheung Kong Scheme will be allotted or transferred to a person selected by the CKH Holdings Board, who will sell such CKH Holdings Shares on the market as soon as reasonably practicable after dealings in the CKH Holdings Shares commence on the Stock Exchange, and CKH Holdings will cause the aggregate proceeds of such sale (net of expenses and taxes) to be paid to the relevant Non-Qualifying Cheung Kong Overseas Shareholders (*pro rata* to their shareholdings in Cheung Kong as at the Cheung Kong Scheme Record Time) in Hong Kong dollars in full satisfaction of their rights to the relevant CKH Holdings Shares, provided that if the amount that a Non-Qualifying Cheung Kong Overseas Shareholder would be entitled to receive is less than HK\$50, such sum will be retained for the benefit of CKH Holdings.

If, based on the enquiries made before the issue of the Cheung Kong Scheme Document, Cheung Kong Overseas Shareholders in any particular jurisdictions are regarded as Non-Qualifying Cheung Kong Overseas Shareholders, relevant details will be included in the Cheung Kong Scheme Document. The attention of Cheung Kong Overseas Shareholders is drawn to the Cheung Kong Scheme Document in this regard.

## **10. Stock Exchange listing and dealings**

Subject to such applications being approved, upon completion of the Cheung Kong Reorganisation Proposal, the listing of the Cheung Kong Shares on the Main Board will be withdrawn in accordance with Rule 6.15(2) of the Listing Rules, and the CKH Holdings Shares in issue and to be issued pursuant to the Cheung Kong Scheme will be listed on the Main Board and will be traded on the Main Board under Cheung Kong's existing stock code (being stock code 0001). The stock short name of CKH Holdings will be announced in due course.

It is intended that, upon the listing of the CKH Holdings Shares, the board lot size for trading in CKH Holdings Shares on the Stock Exchange will be 500 CKH Holdings Shares (which is different from the current board lot size for trading in Cheung Kong Shares on the Stock Exchange of 1,000 Cheung Kong Shares). The CKH Holdings Board is of the view that the smaller board lot size will result in the board lot value of CKH Holdings Shares being smaller than the board lot value of Cheung Kong Shares and could therefore improve the liquidity of the CKH Holdings Shares. The adoption of such different board lot size will not result in any change in the relative rights of the shareholders of CKH Holdings. No new odd lots of the CKH Holdings Shares will result solely from the difference in board lot size.

Subject to the Stock Exchange granting the listing of, and permission to deal in, the CKH Holdings Shares on the Main Board, as well as compliance with the stock admission requirements of HKSCC, the CKH Holdings Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the CKH Holdings Shares on the Main Board or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **D. THE MERGER PROPOSAL**

### **1. Overview of the Merger Proposal**

It is proposed that, after completion of the Cheung Kong Reorganisation Proposal, the following transactions will be implemented:

#### ***(i) The Husky Share Exchange***

Pursuant to the Husky Share Exchange Agreement, the Husky Sale Shares Purchaser will acquire from the Husky Sale Shares Vendor approximately 6.24% of the common shares of Husky in issue as at the date of this announcement.

The consideration for the acquisition of the Husky Sale Shares will be satisfied by the issue of 84,427,246 new CKH Holdings Shares by CKH Holdings to the Husky Sale Shares Vendor (or as it may direct), credited as fully paid (representing a share exchange ratio of 1.376 new CKH Holdings Shares for every one Husky Share acquired).

Subject to the fulfilment (or, where relevant, waiver) of its conditions precedent, the Husky Share Exchange will be completed immediately before completion of the Hutchison Proposal. On completion of the Husky Share Exchange, the Hutchison Group will own an aggregate of approximately 40.2% of the common shares of Husky in issue.

#### ***(ii) The Hutchison Proposal***

The CKH Holdings Group will make a conditional share exchange offer to the Hutchison Scheme Shareholders by way of the Hutchison Scheme. Pursuant to the Hutchison Scheme, all the Hutchison Scheme Shares held at the Hutchison Scheme Record Time will be cancelled and extinguished and the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison Overseas Shareholders, if any) will receive new CKH Holdings Shares at the share exchange ratio of 0.684 of a new CKH Holdings Share for every one Hutchison Scheme Share held at the Hutchison Scheme Record Time.

Subject to the fulfilment (or, where relevant, waiver) of its conditions precedent, the Hutchison Proposal will be completed immediately after the Husky Share Exchange Completion. On completion of the Hutchison Proposal, Hutchison will become a wholly-owned subsidiary of CKH Holdings.

## 2. The Husky Share Exchange

### *(a) The Husky Share Exchange Agreement*

The principal terms of the Husky Share Exchange Agreement are summarised below:

#### *(1) Date*

9 January 2015

#### *(2) Parties*

Vendor: the Husky Sale Shares Vendor, a company indirectly wholly owned by the Trust.

Purchaser: the Husky Sale Shares Purchaser, an indirect wholly-owned subsidiary of Hutchison.

#### *(3) Interest to be acquired*

61,357,010 Husky Shares, representing approximately 6.24% of the common shares of Husky in issue as at the date of this announcement.

#### *(4) Conditions Precedent*

The Husky Share Exchange Completion is conditional upon the fulfilment (or, where relevant, waiver) of a number of conditions precedent, as summarised below:

- (i) completion of the Cheung Kong Reorganisation Proposal;
- (ii) the conditions precedent to the Hutchison Proposal (other than the condition precedent relating to completion of the Husky Share Exchange) having been fulfilled or waived (as the case may be) and the Hutchison Proposal not having been terminated;
- (iii) the Executive granting consent to the Husky Share Exchange as a special deal under Rule 25 of the Takeovers Code and such consent remaining in full force and effect;

- (iv) the approval of the issue of the CKH Holdings Shares under the Husky Share Exchange by the Independent CKH Holdings Shareholders pursuant to the Listing Rules at the CKH Holdings EGM;
- (v) the approval of (1) the Husky Share Exchange (as a special deal under Rule 25 of the Takeovers Code) by the disinterested shareholders of Hutchison in accordance with the Takeovers Code at a general meeting of Hutchison and (2) the Hutchison Proposal and the transactions contemplated thereunder by the disinterested shareholders of Hutchison in accordance with the requirements of the Companies Ordinance and the Takeovers Code at a court meeting and a general meeting of Hutchison;
- (vi) all Authorisations which may be required under any existing contractual arrangements or regulatory requirements having been obtained and all regulatory filing obligations having been complied with;
- (vii) the Listing Committee granting approval for the listing of, and permission to deal in, the CKH Holdings Shares to be issued as consideration for the Husky Share Exchange on the Main Board and such approval not having been revoked prior to the Husky Share Exchange Completion;
- (viii) the warranties, representations, undertakings and indemnities given by the Husky Sale Shares Vendor in the Husky Share Exchange Agreement remaining true and accurate in all material respects and not misleading in any material respect;
- (ix) the conditions precedent to the Spin-off Proposal (as further described in the section headed “*E. The Spin-off Proposal in relation to the Group Property Businesses*” below) (other than the conditions precedent relating to completion of the Husky Share Exchange and the Hutchison Proposal) having been fulfilled or waived (as the case may be); and
- (x) no mandatory general offer obligation under the Takeovers Code being incurred by the Trust in respect of CKH Holdings as a result of the completion of the Husky Share Exchange (whether on its own or together with the completion of the Hutchison Proposal), or if any such mandatory general offer obligation is incurred, a waiver of such obligation having been granted by the Executive and the fulfilment of any conditions or requirements for the waiver.

The Husky Sale Shares Purchaser may in its absolute discretion at any time waive, in whole or in part, the conditions precedent in (vi) and (viii) above by notice in writing to the Husky Sale Shares Vendor. The other conditions precedent cannot be waived by either party. Each party will use its reasonable endeavours to procure the fulfilment of all the conditions precedent above on or before the earlier of the date of the Husky Share Exchange Completion and 30 June 2015 (or such other date as the parties may otherwise agree in writing) (the “**Long Stop Date**”). In the event that any of the conditions precedent has not been fulfilled or (in the case of conditions precedent in (vi) and (viii) above) waived on or before the Long Stop Date, then the Husky Share Exchange Agreement will terminate and be of no further effect, except in respect of claims for any antecedent breaches.

In relation to the condition precedent in (iii) above, the Executive has indicated that it is minded to grant consent to the Husky Share Exchange as a special deal under Rule 25 of the Takeovers Code. Such consent, if granted, is expected to be subject to (i) the opinion of the Hutchison Independent Financial Adviser that the terms of the Husky Share Exchange are fair and reasonable and (ii) the approval of the Husky Share Exchange by the Hutchison Shareholders who are not involved in or interested in the transaction (otherwise than solely as Hutchison Shareholders) at a general meeting.

In the event that the acquisition of 61,357,010 Husky Shares (whether on its own or together with the completion of the Hutchison Proposal) would, after taking into account any other acquisitions of shares by concert parties of the Trust (if any), result in the Trust incurring a mandatory general offer obligation under the Takeovers Code in respect of CKH Holdings, the 61,357,010 Husky Shares which are the subject of the Husky Share Exchange Agreement (and correspondingly the number of CKH Holdings Shares to be issued under the Husky Share Exchange) may be reduced to such numbers as may be agreed between the parties to the Husky Share Exchange at any time before the Husky Share Exchange Completion to the extent as would result in such mandatory general offer obligation not being incurred.

*(5) Consideration*

The consideration for the acquisition of the Husky Sale Shares will be satisfied by the issue of 84,427,246 new CKH Holdings Shares by CKH Holdings to the Husky Sale Shares Vendor (or as it may direct), representing a share exchange ratio of 1.376 new CKH Holdings Shares for every one Husky Share to be acquired. CKH Holdings has undertaken to the Husky Sale Shares Purchaser that subject to the fulfilment (or, where relevant, waiver) of the conditions precedent set out in the Husky Share Exchange Agreement, CKH Holdings will, on completion of the Husky Share Exchange, allot and issue such new CKH Holdings Shares to the Husky Sale Shares Vendor (or as it may direct).

The above share exchange ratio in respect of the Husky Share Exchange was determined based on the average closing price of the Cheung Kong Shares on the Stock Exchange for the five trading days up to (and including) 7 January 2015 and the average closing price of the Husky Shares on the Toronto Stock Exchange for the five trading days up to (and including) 6 January 2015, without any premium or discount, and using the Specified Currency Exchange Rate.

The CKH Holdings Shares to be issued as consideration for the Husky Share Exchange, when issued, will be credited as fully paid and will rank pari passu with all other CKH Holdings Shares in issue as at the Husky Share Exchange Completion. Holders of such CKH Holdings Shares will be entitled to receive all dividends and other distributions by CKH Holdings, if the record time for determining the entitlement to such dividends and distributions falls on or after the Husky Share Exchange Completion, and will in particular be entitled to the Distribution In Specie based on the DIS Record Time under the current proposal. Based on the expected timetable that the Proposals will be completed around the end of the first half of 2015, holders of such CKH Holdings Shares are also expected to receive any dividends and other distributions declared by CKH Holdings in respect of the financial year ending 31 December 2015.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the CKH Holdings Shares to be issued pursuant to the Husky Share Exchange on the Main Board.

*(6) Representations and warranties*

Representations and warranties in respect of Husky (including those in relation to Husky's business, financial position and tax and other liabilities and certain other representations and warranties commonly included in similar transactions) have been given by the Husky Sale Shares Vendor under the Husky Share Exchange Agreement.

*(7) Completion*

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent to the Husky Share Exchange, the Husky Share Exchange Completion will take place immediately before the Hutchison Scheme becomes effective.

**(b) *The Guarantee***

On 9 January 2015, upon the signing of the Husky Share Exchange Agreement, the following guarantees in connection with such agreement were entered into:

- (i) each of TUT1 (as trustee of UT1) and TDT3 (as trustee of DT3) entered into a guarantee agreement with the Husky Sale Shares Purchaser pursuant to which each of TUT1 (as trustee of UT1) and TDT3 (as trustee of DT3) respectively guaranteed to the Husky Sale Shares Purchaser the due and punctual performance by the Husky Sale Shares Vendor of its obligations under the Husky Share Exchange Agreement; and
- (ii) Hutchison entered into a guarantee agreement with the Husky Sale Shares Vendor pursuant to which Hutchison guaranteed to the Husky Sale Shares Vendor the due and punctual performance by the Husky Sale Shares Purchaser of its obligations under the Husky Share Exchange Agreement.

**(c) *Information on Husky***

The principal activity of Husky is investment in oil and gas with upstream and downstream business segments. Upstream operations include the exploration, development and production of crude oil, bitumen and natural gas while downstream operations include commodity marketing, pipeline transportation and storage, upgrading and refining crude oil, power co-generation and marketing gasoline, diesel, jet fuel, asphalt, ethanol and related products in Canada and the United States. Husky is based in Calgary, Alberta, and is publicly traded on the Toronto Stock Exchange under the symbols HSE and HSE.PR.A.

Set out below are the audited net profits of Husky based on the audited consolidated financial statements of Husky for the two years ended 31 December 2013, and the unaudited net profits of Husky based on the unaudited consolidated financial statements of Husky for the nine months ended 30 September 2014, each of which were prepared in accordance with International Financial Reporting Standards:

	For the year ended 31 December		For the nine months ended 30 September
	2012	2013	2014
	(audited)	(audited)	(unaudited)
	(approximately)	(approximately)	(approximately)
<b>Profit before taxation</b>	CAD2,836 million	CAD2,628 million	CAD2,614 million
<b>Profit after taxation</b>	CAD2,022 million	CAD1,829 million	CAD1,861 million

As at 30 September 2014, the unaudited net asset value of Husky, based on the unaudited consolidated financial statements of Husky for the nine months ended 30 September 2014, was CAD21,163 million.

The published financial statements and annual and quarterly reports of Husky are available on the website of Husky at [www.huskyenergy.com](http://www.huskyenergy.com).

On completion of the Husky Share Exchange and immediately before completion of the Hutchison Proposal: (i) the Hutchison Group will own an aggregate of approximately 40.2% of the common shares of Husky in issue (including the Hutchison Group's existing 33.97% shareholding in Husky); and (ii) the aggregate shareholding of the Trust, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor in CKH Holdings is expected to increase from approximately 43.42% to approximately 45.41%.

### 3. The Hutchison Proposal

#### *(a) Pre-condition to the making of the Hutchison Proposal*

The making of the Hutchison Proposal is pre-conditional on completion of the Cheung Kong Reorganisation Proposal. This means that the Hutchison Proposal will only be made if the Cheung Kong Reorganisation Proposal is completed and that, if the Cheung Kong Reorganisation Proposal is not completed, the Hutchison Proposal will not proceed. Accordingly, there is no assurance on when, or whether, the Hutchison Proposal will proceed.

The Hutchison Proposal will be subject to the Takeovers Code. Further announcements will be made as and when appropriate or required in accordance with the applicable requirements of the Listing Rules and the Takeovers Code.

**(b) Summary of the Hutchison Proposal**

Under the Hutchison Proposal, it is proposed that on the Hutchison Scheme Effective Date:

- (i) the share capital of Hutchison will be reduced by cancelling and extinguishing the Hutchison Scheme Shares (being all the Hutchison Shares in issue as at the Hutchison Scheme Record Time other than those held by the Relevant Cheung Kong Subsidiaries);
- (ii) subject to and immediately upon such reduction of capital taking effect, the share capital of Hutchison will be increased to its former amount by the creation of such number of new Hutchison Shares as is equal to the number of Hutchison Scheme Shares cancelled;
- (iii) Hutchison will apply all credit arising in its books of account as a result of such capital reduction in paying up the newly created Hutchison Shares, which will be allotted and issued, credited as fully paid, to the Hutchison Proposal Offeror (which is a wholly-owned subsidiary of CKH Holdings); and
- (iv) in consideration for the cancellation and extinguishment of the Hutchison Scheme Shares, the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison Overseas Shareholders, if any) will receive CKH Holdings Shares (which will rank *pari passu* with each other), credited as fully paid, in the following ratio, based on the holding of Hutchison Scheme Shares at the Hutchison Scheme Record Time:

**For every one Hutchison Scheme Share held . . . . . 0.684 of a CKH Holdings Share**

Hutchison has been advised that the Hutchison Proposal is a takeover offer under section 674 of the Companies Ordinance, and therefore the requirement for the approval by a majority in number of the shareholders present and voting at the court meeting (that is, the so-called “headcount test”) will not apply. As such, the Hutchison Proposal will be subject to the requirement that the votes cast against the Hutchison Scheme must not exceed 10% of the voting rights attached to all disinterested shares in Hutchison and that the scheme must be approved by shareholders representing at least 75% of the voting rights of the shareholders present and voting, in person or by proxy, at the court meeting.

On completion of the Hutchison Scheme, Hutchison will become a wholly-owned subsidiary of CKH Holdings.

**(c) Total Consideration under the Hutchison Proposal**

As at the date of this announcement, 4,263,370,780 Hutchison Shares are in issue, of which 2,130,202,773 Hutchison Shares (representing approximately 49.97% of the issued shares of Hutchison) are held by wholly-owned subsidiaries of Cheung Kong, and the remaining 2,133,168,007 Hutchison Shares (representing approximately 50.03% of the issued shares of Hutchison) are held by the Hutchison Scheme Shareholders.

Pursuant to the Hutchison Scheme, all the Hutchison Scheme Shares will be cancelled and extinguished and the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison Overseas Shareholders, if any) will receive CKH Holdings Shares to be issued credited as fully paid at the share exchange ratio of 0.684 of a new CKH Holdings Share for every one Hutchison Scheme Share held at the Hutchison Scheme Record Time.

The above share exchange ratio was determined by Cheung Kong based on the average closing prices of Cheung Kong Shares and Hutchison Shares on the Stock Exchange for the five trading days up to (and including) 7 January 2015, without any premium or discount.

It is expected that fractions of CKH Holdings Shares will not be issued to the Hutchison Scheme Shareholders under the Hutchison Scheme. The fractional entitlements of Hutchison Scheme Shareholders to CKH Holdings Shares under the Hutchison Scheme will be sold in the open market, and the proceeds of sale of such fractional entitlements (net of expenses and taxes) will be paid to the Hutchison Scheme Shareholders concerned according to their respective attributable entitlements thereto.

The CKH Holdings Shares to be issued pursuant to the Hutchison Scheme as consideration for the cancellation and extinguishment of the Hutchison Scheme Shares will be issued free from all liens, charges and encumbrances, and together with all rights attaching to them, including the right to receive all dividends and other distributions, if the record time for determining the entitlement to such dividends and distributions falls on or after the Hutchison Scheme becoming effective (including in particular the Distribution In Specie), and will rank *pari passu* with all other CKH Holdings Shares then in existence.

CKH Holdings will make an application to the Stock Exchange for the listing of, and permission to deal in, the CKH Holdings Shares to be issued pursuant to the Hutchison Scheme on the Main Board.

***(d) Conditions precedent to the Hutchison Proposal***

As stated above, the Hutchison Proposal will only be made if the Cheung Kong Reorganisation Proposal has been completed. The Hutchison Scheme, if it proceeds, will become effective and binding on Hutchison and all Hutchison Scheme Shareholders upon, and completion of the Hutchison Proposal will be subject to, the fulfilment (or, where relevant, waiver) of the following conditions precedent:

- (i) the Hutchison Scheme being approved by the Independent Hutchison Shareholders representing at least 75% of the voting rights of Independent Hutchison Shareholders present and voting, in person or by proxy, at the Hutchison Court Meeting, with votes cast against the Hutchison Scheme at the Hutchison Court Meeting not exceeding 10% of the total voting rights attached to all disinterested shares of Hutchison (as respectively defined in Note 6 to Rule 2 of the Takeovers Code and Division 2 of Part 13 of the Companies Ordinance);

- (ii) the passing of special resolution(s) by Hutchison Shareholders at the Hutchison General Meeting to approve (1) the Hutchison Scheme and (2) the implementation of the Hutchison Scheme, including, in particular, the reduction of the issued share capital of Hutchison by cancelling and extinguishing the Hutchison Scheme Shares and the issue of the new Hutchison Shares to the Hutchison Proposal Offeror;
- (iii) the passing of an ordinary resolution by Independent CKH Holdings Shareholders at the CKH Holdings EGM to approve the Hutchison Proposal and all transactions contemplated thereunder;
- (iv) the Hutchison Scheme, with or without modification, being sanctioned and the proposed reduction of capital provided for in the Hutchison Scheme being confirmed by the Court, and an office copy of the Court order together with the minute and a return that comply with subsections (2) and (3) of section 230 of the Companies Ordinance respectively being registered by the Companies Registrar;
- (v) the Listing Committee granting approval for the listing of, and permission to deal in, the CKH Holdings Shares to be issued as consideration under the Hutchison Scheme on the Main Board and such approval not having been revoked prior to the Hutchison Scheme becoming effective;
- (vi) the Husky Share Exchange Completion having occurred;
- (vii) the fulfilment (or, where relevant, waiver) of all the conditions precedent to the Spin-off Proposal (as further described in the section headed “*E. The Spin-off Proposal in relation to the Group Property Business – 3. Information on the Distribution In Specie – (a) Conditions precedent to the Distribution In Specie*” below) (other than the condition precedent relating to the Hutchison Proposal having been completed);
- (viii) all applicable filings, notices and waivers required in connection with the Hutchison Proposal and its implementation from or with any competent governmental or regulatory body being made, and if applicable, any waiting periods under any applicable antitrust or similar laws and regulations having expired or terminated; and
- (ix) all other Authorisations which may be required in connection with the Hutchison Proposal under any existing contractual arrangements, including loan and other finance documentation, or regulatory requirements having been obtained and all regulatory filing obligations having been complied with.

The Hutchison Proposal Offeror will reserve the right to waive the conditions precedent in (viii) and (ix) above in whole or in part and either generally or in respect of any particular matter. The other conditions precedent cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Hutchison Proposal Offeror will only be able to invoke any or all of the above conditions precedent as a basis for not proceeding with

the Hutchison Proposal if the circumstances which give rise to a right to invoke any such condition(s) precedent are of material significance to the Hutchison Proposal Offeror in the context of the Hutchison Proposal.

***(e) Non-Qualifying Hutchison Overseas Shareholders***

The making of the offer under the Hutchison Proposal to certain Hutchison Shareholders may be subject to laws of jurisdictions other than Hong Kong. Hutchison Shareholders should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Hutchison Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Hutchison Proposal, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

The Hutchison Scheme will provide that if the law of any relevant jurisdiction precludes an offer of the CKH Holdings Shares, or precludes it except after compliance by CKH Holdings with conditions with which CKH Holdings is unable to comply or that CKH Holdings regards as unduly onerous, no CKH Holdings Shares will be issued to the relevant Non-Qualifying Hutchison Overseas Shareholders. In such case, CKH Holdings will allot the CKH Holdings Shares which would otherwise have been allotted to the relevant Non-Qualifying Hutchison Overseas Shareholders under the Hutchison Scheme to a person selected by the CKH Holdings Board, who will sell such CKH Holdings Shares on the market as soon as reasonably practicable following the Hutchison Scheme becoming effective, and CKH Holdings will cause the aggregate proceeds of such sale (net of expenses and taxes) to be paid to the relevant Non-Qualifying Hutchison Overseas Shareholders (*pro rata* to their shareholdings in Hutchison as at the Hutchison Scheme Record Time) in Hong Kong dollars in full satisfaction of their rights to the relevant CKH Holdings Shares, provided that if the amount that a Non-Qualifying Hutchison Overseas Shareholder would be entitled to receive is less than HK\$50, such sum will be retained for the benefit of CKH Holdings. The exclusion of any Hutchison Overseas Shareholders from receiving CKH Holdings Shares under the Hutchison Scheme is subject to a waiver being granted by the Executive.

**4. Shareholding Structure**

***(a) The shareholding structure of Hutchison***

After completion of the Merger Proposal, the Trust will remain as the controlling shareholder of CKH Holdings under the Listing Rules and will, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, indirectly hold approximately 30.15% in CKH Holdings. The table below sets out the shareholding structure of Hutchison (i) as at

the date of this announcement, and (ii) immediately following completion of the Hutchison Proposal, on the assumption that there is no other change in the shareholding of Hutchison after the date of this announcement:

	As at the date of this announcement		Immediately following completion of the Hutchison Proposal	
	Number of Hutchison Shares	%	Number of Hutchison Shares	%
<b>Hutchison Proposal Offeror</b>	–	–	2,133,168,007	50.03
<b>Offeror Concert Parties</b>				
Hutchison Shares held not subject to the Hutchison Scheme				
– Cheung Kong (Note 1)	2,130,202,773	49.97	2,130,202,773	49.97
	<u>2,130,202,773</u>	<u>49.97</u>	<u>4,263,370,780</u>	<u>100</u>
Hutchison Shares held subject to the Hutchison Scheme				
– the Trust (Note 2)	11,496,000	0.27	–	–
– Mr. Li Ka-shing (Note 3)	94,534,000	2.22	–	–
– Mr. Li Tzar Kuoi, Victor (Note 4)	1,386,770	0.03	–	–
– Mr. Kam Hing Lam (Note 5)	100,000	0.00	–	–
– Mr. Leung Siu Hon (Note 6)	55,600	0.00	–	–
– Mr. Fok Kin Ning, Canning (Note 7)	6,010,875	0.14	–	–
– Mr. Frank John Sixt (Note 8)	200,000	0.00	–	–
– Mr. Chow Kun Chee, Roland (Note 9)	49,931	0.00	–	–
– Mr. George Colin Magnus (Note 10)	1,000,000	0.02	–	–
– Mr. Lee Yeh Kwong, Charles (Note 11)	1,145,358	0.03	–	–
– Mr. Yeh Yuan Chang, Anthony (Note 12)	130,000	0.00	–	–
– Mr. Chow Nin Mow, Albert (Note 13)	97	0.00	–	–
– Ms. Hung Siu-lin, Katherine (Note 14)	34,000	0.00	–	–
– Mr. Li Tzar Kai, Richard (Note 15)	110,000	0.00	–	–
– HSBC (Note 16)	839,700	0.02	–	–
	<u>117,092,331</u>	<u>2.75</u>	<u>–</u>	<u>–</u>
<b>Aggregate number of Hutchison Shares held by the Hutchison Proposal Offeror and Offeror Concert Parties (Note 16)</b>	<u>2,247,295,104</u>	<u>52.71</u>	<u>4,263,370,780</u>	<u>100</u>
<b>Independent Hutchison Shareholders</b>	<u>2,016,075,676</u>	<u>47.29</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<u>4,263,370,780</u>	<u>100</u>	<u>4,263,370,780</u>	<u>100</u>
<b>Total number of Hutchison Scheme Shares</b>	<u>2,133,168,007</u>	<u>50.03</u>	<u>–</u>	<u>–</u>

*Notes:*

1. A total of 2,130,202,773 Hutchison Shares are held by certain wholly-owned subsidiaries of Cheung Kong. Currently, the Hutchison Proposal Offeror is a wholly-owned subsidiary of CKH Holdings, which in turn is a wholly-owned subsidiary of Cheung Kong. Following completion of the Cheung Kong Reorganisation Proposal, Cheung Kong will be a wholly-owned subsidiary of CKH Holdings. Cheung Kong is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
2. Such 11,496,000 Hutchison Shares are held by TUT3 (as trustee of UT3). Mr. Li Ka-shing is the settlor of each of DT3 and DT4. Each of TDT3 (as trustee of DT3) and TDT4 (as trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, among others, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Therefore, TUT3 (as trustee of UT3) is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
3. Such 94,534,000 Hutchison Shares are held by companies indirectly wholly owned by Mr. Li Ka-shing. Mr. Li Ka-shing, who is an executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
4. Among such 1,386,770 Hutchison Shares, (i) 1,086,770 Hutchison Shares are held by companies wholly owned by Mr. Li Tzar Kuoi, Victor and (ii) 300,000 Hutchison Shares are held by a company wholly owned by Mr. Li Tzar Kuoi, Victor's minor child. Mr. Li Tzar Kuoi, Victor, who is an executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
5. Among such 100,000 Hutchison Shares, (i) 60,000 Hutchison Shares are held by Mr. Kam Hing Lam and (ii) 40,000 Hutchison Shares are held as his family interest. Mr. Kam Hing Lam, who is an executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
6. Among such 55,600 Hutchison Shares, (i) 27,000 Hutchison Shares are held by Mr. Leung Siu Hon and (ii) 28,600 Hutchison Shares are held as his family interest. Mr. Leung Siu Hon, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
7. Such 6,010,875 Hutchison Shares are held by a company equally owned by Mr. Fok Kin Ning, Canning and his spouse. Mr. Fok Kin Ning, Canning, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
8. Mr. Frank John Sixt, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
9. Mr. Chow Kun Chee, Roland, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
10. Among such 1,000,000 Hutchison Shares, (i) 40,000 Hutchison Shares are held by Mr. George Colin Magnus, (ii) 9,900 Hutchison Shares are held by his spouse and (iii) 950,100 Hutchison Shares are indirectly held by a trust under which Mr. George Colin Magnus is the settlor and a discretionary beneficiary. Mr. George Colin Magnus, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.

11. Among such 1,145,358 Hutchison Shares, (i) 1,070,358 Hutchison Shares are held by Mr. Lee Yeh Kwong, Charles, (ii) 65,000 Hutchison Shares are held by his spouse and (iii) 10,000 Hutchison Shares are held by a company wholly owned by Mr. Lee Yeh Kwong, Charles. Mr. Lee Yeh Kwong, Charles, who is a non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
12. Such 130,000 Hutchison Shares are held by Mr. Yeh Yuan Chang, Anthony's spouse. Mr. Yeh Yuan Chang, Anthony, who is an independent non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
13. Mr. Chow Nin Mow, Albert, who is an independent non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
14. Ms. Hung Siu-lin, Katherine, who is an independent non-executive Cheung Kong Director and is a CKH Holdings Director, is regarded as acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
15. Mr. Li Tzar Kai, Richard is the son of Mr. Li Ka-shing and the brother of Mr. Li Tzar Kuoi, Victor, and is presumed to be acting in concert with the Hutchison Proposal Offeror in relation to Hutchison.
16. HSBC is the financial adviser to Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror. In addition, HSBC Corporate Finance is joint sponsor in relation to the Spin-off Proposal. As such, HSBC, HSBC Corporate Finance and relevant members of the HSBC group (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) which hold Hutchison Shares are presumed to be acting in concert with Cheung Kong and CKH Holdings in relation to Hutchison in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code. Similarly, Bank of America Merrill Lynch is joint sponsor in relation to the Spin-off Proposal. As such, Bank of America Merrill Lynch and relevant members of the Bank of America Merrill Lynch group (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) which hold Hutchison Shares are presumed to be acting in concert with Cheung Kong and CKH Holdings in relation to Hutchison in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code.

Details of the holdings or borrowings or lendings of Hutchison Shares or derivatives in respect of them by other parts of the HSBC group and the Bank of America Merrill Lynch group will be obtained as soon as possible after this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be jointly made by Cheung Kong and Hutchison if the holdings, borrowings or lendings of the other parts of the HSBC group or the Bank of America Merrill Lynch group are significant. The statements in this announcement as to the holdings, borrowings or lendings of Hutchison Shares or derivatives in respect of Hutchison Shares by parties acting in concert with Cheung Kong and CKH Holdings are subject to the holdings, borrowings or lendings (if any) of the other parts of the HSBC group and the Bank of America Merrill Lynch group.

Following completion of the Hutchison Proposal, the CKH Holdings Group will hold 100% of the issued shares of Hutchison, of which approximately 49.97% will be held by subsidiaries of Cheung Kong, and approximately 50.03% will be held by the Hutchison Proposal Offeror.

***(b) Other arrangements relating to the securities of Hutchison***

As at the date of this announcement:

- (i) Hutchison does not have any outstanding share options, warrants or convertible securities;
- (ii) save as disclosed in sub-paragraph (a) above, none of Cheung Kong, CKH Holdings, the Hutchison Proposal Offeror or any Offeror Concert Parties owns or controls or has direction over any Hutchison Shares;
- (iii) none of Cheung Kong, CKH Holdings, the Hutchison Proposal Offeror or any Offeror Concert Parties has entered into any derivatives in respect of securities of Hutchison;
- (iv) save for the arrangements contemplated under the Merger Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Hutchison Shares or the shares of the Hutchison Proposal Offeror, Cheung Kong or CKH Holdings which may be material to the Hutchison Proposal;
- (v) there are no agreements or arrangements to which the Hutchison Proposal Offeror is a party, which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Hutchison Proposal;
- (vi) none of Cheung Kong, CKH Holdings, the Hutchison Proposal Offeror or any Offeror Concert Parties has received any irrevocable commitment(s) from any Independent Hutchison Shareholders in respect of voting at the Hutchison Court Meeting and/or the Hutchison General Meeting; and
- (vii) there are no relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in Hutchison which any of Cheung Kong, CKH Holdings, the Hutchison Proposal Offeror or any Offeror Concert Parties has borrowed or lent, save for any borrowed shares which the borrower has either on-lent or sold.

## 5. Financial information on Hutchison

Set out below are the audited net profits of Hutchison based on the audited consolidated financial statements of Hutchison for the two years ended 31 December 2013, and the unaudited net profits of Hutchison based on the unaudited consolidated financial statements of Hutchison for the six months ended 30 June 2014, each of which were prepared in accordance with generally accepted accounting principles in Hong Kong:

	<b>For the year ended 31 December 2012 (audited) (approximately)</b>	<b>For the year ended 31 December 2013 (audited) (approximately)</b>	<b>For the six months ended 30 June 2014 (unaudited) (approximately)</b>
<b>Profit before taxation</b>	HK\$34,510 million	HK\$43,693 million	HK\$39,854 million
<b>Profit after taxation</b>	HK\$32,107 million	HK\$38,893 million	HK\$37,220 million

As at 30 June 2014, the unaudited net asset value of Hutchison, based on the unaudited consolidated financial statements of Hutchison for the six months ended 30 June 2014, was HK\$516,703 million.

## 6. Reasons for, and benefits of, the Merger Proposal for Cheung Kong and Hutchison

Please refer to the objectives of the Proposals set out in the section headed “B. Objectives of the Proposals” above.

## 7. The Recommendation of the Cheung Kong Board in relation to the Husky Share Exchange and the Hutchison Proposal

Having taken into account (i) the background to the Merger Proposal and the Spin-off Proposal and (ii) the reasons for, and benefits of, the Merger Proposal and the Spin-off Proposal and their effects as set out above, the Cheung Kong Directors (other than the independent non-executive directors of Cheung Kong, whose views will be set out in the CKH Holdings Circular after considering the advice of the independent financial adviser of Cheung Kong) consider that the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange and the terms of the Hutchison Proposal are fair and reasonable so far as the Independent CKH Holdings Shareholders are concerned and the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange and the Hutchison Proposal are in the interests of CKH Holdings and the CKH Holdings Shareholders as a whole. Accordingly, the Cheung Kong Directors (other than the independent non-executive directors of Cheung Kong, whose views will be set out in the CKH Holdings Circular) recommend the CKH Holdings Shareholders to vote in favour of the relevant resolution(s) to be proposed at the CKH Holdings EGM to approve the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange and the Hutchison Proposal.

Each of (a) Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, who are regarded as having a material interests in the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange and the Hutchison Proposal, and (b) Mr. Kam Hing Lam, Mr. Leung Siu Hon, Mr. Fok Kin Ning, Canning, Mr. Frank John Sixt, Mr. Chow Kun Chee, Roland, Mr. George Colin Magnus, Mr. Yeh Yuan Chang, Anthony, Mr. Chow Nin Mow, Albert and Ms. Hung Siu-lin, Katherine, who hold or are interested in the Hutchison Shares as described in the section headed “D. The Merger Proposal – 4. Shareholding Structure – (a) The shareholding structure of Hutchison” above, abstained from voting on the relevant board resolution of Cheung Kong for the approval of such transactions.

## **8. The Recommendation of the Hutchison Board in relation to the Husky Share Exchange and the Hutchison Proposal**

Having taken into account (i) the background to the Merger Proposal and the Spin-off Proposal, and (ii) the reasons for, and benefits of, the Merger Proposal and the Spin-off Proposal and their effects as set out above, the Hutchison Directors (other than the non-executive directors and the independent non-executive directors of Hutchison, whose views will be set out in the Hutchison Scheme Document after considering the advice of the independent financial adviser of Hutchison) consider that (a) the terms of each of the Husky Share Exchange and the Hutchison Proposal are fair and reasonable and (b) each of the Husky Share Exchange and the Hutchison Proposal is in the interests of the Hutchison Shareholders as a whole.

Accordingly, the Hutchison Directors (other than the non-executive directors and the independent non-executive directors of Hutchison, whose views will be set out in the Hutchison Scheme Document) recommend the Hutchison Shareholders to vote in favour of the relevant resolutions to be proposed at the Hutchison Court Meeting and the Hutchison General Meeting, respectively, to approve the Husky Share Exchange (as a special deal under Rule 25 of the Takeovers Code) and the Hutchison Proposal.

Each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, who are regarded as having a material interests in the Husky Share Exchange and the Hutchison Proposal, abstained from voting on the relevant board resolution of Hutchison for the approval of such transactions.

## **9. Listing Rules and Takeovers Code Implications of the Merger Proposal**

### ***(a) Notifiable transaction under the Listing Rules***

The Hutchison Proposal, if it proceeds, is expected to constitute a very substantial acquisition for CKH Holdings under Chapter 14 of the Listing Rules and will be subject to the approval of the CKH Holdings Shareholders at the CKH Holdings EGM pursuant to Chapter 14 of the Listing Rules. Such approval will need to be obtained from the independent CKH Holdings Shareholders as the Hutchison Proposal is also expected to constitute a connected transaction for CKH Holdings as described below.

**(b) Connected transactions under the Listing Rules**

*(i) The Husky Share Exchange*

As at the date of this announcement, the Trust, directly and indirectly through companies controlled by it, holds approximately 40.43% of the issued shares of Cheung Kong. Upon completion of the Cheung Kong Reorganisation Proposal, the Trust is expected to hold, directly and indirectly through companies controlled by it, approximately 40.43% of the issued shares of CKH Holdings. Therefore, the Trust will be a connected person of CKH Holdings under the Listing Rules upon completion of the Cheung Kong Reorganisation Proposal.

As Mr. Li Ka-shing (who is a Hutchison Director) is the settlor of, and Mr. Li Tzar Kuoi, Victor (who is a Hutchison Director) is a discretionary beneficiary of, each of the discretionary trusts under the Trust, the Trust is a connected person of Hutchison under the Listing Rules.

The Husky Sale Shares Vendor is a company indirectly wholly owned by the Trust, and therefore will be a connected person of CKH Holdings upon completion of the Cheung Kong Reorganisation Proposal, and is a connected person of Hutchison, under the Listing Rules.

Accordingly, (i) the issue of the CKH Holdings Shares to the Husky Sale Shares Vendor (or as it may direct) under the Husky Share Exchange will constitute a connected transaction of CKH Holdings and (ii) the Husky Share Exchange will constitute a connected transaction of Hutchison.

For CKH Holdings, the issue of the CKH Holdings Shares contemplated under the Husky Share Exchange will be subject to the announcement, reporting and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For Hutchison, as all of the applicable percentage ratios in relation to the Husky Share Exchange are above 0.1% but below 5%, the Husky Share Exchange will be subject to the announcement and reporting requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The total original acquisition cost of the Husky Sale Shares to the Husky Sale Shares Vendor was approximately 1,981 million Euros.

*(ii) The Hutchison Proposal*

As certain of the substantial shareholders and directors of Cheung Kong hold Hutchison Shares, it is expected that the Hutchison Scheme Shareholders will include certain connected persons of CKH Holdings.

The issue of CKH Holdings Shares pursuant to the Hutchison Scheme by CKH Holdings to the connected persons of CKH Holdings is expected to constitute a connected transaction for CKH Holdings, which will be subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An application was made on behalf of Cheung Kong and CKH Holdings to the Stock Exchange for a waiver from strict compliance with Rule 14A.68(5) of the Listing Rules for the requirement to include in this announcement the original acquisition costs of the Hutchison Scheme Shares held by the connected persons of CKH Holdings, as the relevant enquiries could not be completed before the issue of this announcement for reasons of confidentiality and thus it is unduly onerous to verify such information to the required standard of accuracy. The information on such original acquisition costs is expected to be included in a subsequent announcement to be issued by CKH Holdings no later than the date of despatch of the CKH Holdings Circular. The Stock Exchange has granted such a waiver.

***(c) Special deal under the Takeovers Code***

As at the date of this announcement, (i) the Trust holds 11,496,000 Hutchison Shares (representing approximately 0.27% of the issued shares of Hutchison as at the date of this announcement), and (ii) the Mr. Li Ka-shing Owned Companies together hold 94,534,000 Hutchison Shares (representing approximately 2.22% of the issued shares of Hutchison as at the date of this announcement). Therefore, the Hutchison Scheme Shareholders are expected to include the Trust and the Mr. Li Ka-shing Owned Companies.

As the Husky Sale Shares Vendor is a company indirectly wholly owned by the Trust, the Husky Share Exchange is considered a special deal in relation to the Hutchison Proposal under Rule 25 of the Takeovers Code.

An application has been made to the Executive for consent to enter into the Husky Share Exchange under Rule 25 of the Takeovers Code, and the Executive has indicated that it is minded to grant such consent. Such consent, if granted, is expected to be subject to (i) the opinion of the Hutchison Independent Financial Adviser that the terms of the Husky Share Exchange are fair and reasonable and (ii) the approval of the Husky Share Exchange by the shareholders of Hutchison who are not involved in or interested in the transaction (otherwise than solely as shareholders of Hutchison) at a general meeting.

## **10. Withdrawal of Listing of Hutchison Shares upon Hutchison Scheme becoming effective**

### ***(a) Listing Status of the Hutchison Shares***

Upon the Hutchison Scheme becoming effective, all the Hutchison Scheme Shares will be cancelled and an application will be made to the Stock Exchange for the withdrawal of the listing of the Hutchison Shares on the Stock Exchange, in accordance with Rule 6.15(2) of the Listing Rules.

### ***(b) Event of lapse of the Hutchison Proposal or failure to obtain approval for the Hutchison Proposal***

Under the relevant restrictions of the Takeovers Code, if the Hutchison Proposal does not become unconditional or is withdrawn or lapses, neither the Hutchison Proposal Offeror nor any person who has acted in concert with it in the course of the Hutchison Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Hutchison Proposal is withdrawn or lapses, announce an offer or possible offer for Hutchison, except with the consent of the Executive.

If the Hutchison Proposal does not proceed or is withdrawn or lapses, all expenses incurred in connection therewith will be borne by the Cheung Kong Group or the CKH Holdings Group (as the case may be).

## **E. THE SPIN-OFF PROPOSAL IN RELATION TO THE GROUP PROPERTY BUSINESSES**

### **1. Overview of the Spin-off Proposal**

It is proposed that, immediately following completion of the Hutchison Proposal, the Group Property Businesses will be transferred to the CK Property Group, which will at that time be wholly owned by CKH Holdings. All the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination (for which an application for listing on the Main Board will be made to the Stock Exchange for the listing on the Main Board by way of introduction) will then be distributed by CKH Holdings by way of the Distribution In Specie to the CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) as at the DIS Record Time at the distribution ratio of one CK Property Share for every one CKH Holdings Share then held. These CKH Holdings Shareholders will include, among others, holders of the CKH Holdings Shares to be issued to (i) the Husky Sale Shares Vendor (or as it may direct) pursuant to the Husky Share Exchange and (ii) the Hutchison Scheme Shareholders (other than the Non-Qualifying Hutchison Overseas Shareholders, if any) pursuant to the Hutchison Scheme. The Spin-off Proposal will be subject to a number of conditions precedent, including the Listing Committee granting approval for the listing of the CK Property Shares by way of introduction.

Upon completion of the Proposals, (i) the non-property and property businesses of the Cheung Kong Group and the Hutchison Group, respectively, will be combined, and the combined non-property businesses and combined property businesses will then be separated and will be held by two Hong Kong listed companies, namely CKH Holdings and CK Property, respectively; (ii) CK Property will be one of the largest property companies listed in Hong Kong with a leading market share in Hong Kong, strong penetration in the PRC and an international presence; and (iii) the CKH Holdings Group will be a multinational conglomerate operating in over 50 countries, with enhanced size and scale due to the consolidation in the accounts of CKH Holdings of the infrastructure assets which are currently co-owned by the Cheung Kong Group and the Hutchison Group and an increased interest in the energy sector through becoming the largest shareholder in Husky.

Cheung Kong, on behalf of CKH Holdings, has submitted an application to the Stock Exchange for the approval of the Spin-off Proposal pursuant to PN 15, and the Stock Exchange has agreed that CKH Holdings may proceed with the Spin-off Proposal subject to:

- (a) the profits of the CK Property Group for the three years ended 31 December 2014 meeting the minimum profit requirement under Rule 8.05(1)(a) of the Listing Rules; and
- (b) the revenue of the Hutchison Non-Property Interests and the Cheung Kong Non-Property Interests for the year ended 31 December 2014 being not less than HK\$500 million under Rule 8.05(3)(e) of the Listing Rules.

For the above purpose, “**Hutchison Non-Property Interests**” refer to the Hutchison Group's operations and investments in (i) ports and related services, (ii) retail, (iii) infrastructure, (iv) energy, and (v) telecommunications, and “**Cheung Kong Non-Property Interests**” refer to Cheung Kong’s interest in Hutchison (other than the interest in the property and hotel business of Hutchison), together with the Cheung Kong Group’s investments in ownership and leasing of movable assets, infrastructure businesses and securities.

The Cheung Kong Board has no reason to believe that the conditions in paragraphs (a) and (b) above will not be satisfied.

In connection with the Spin-off Proposal, the following transactions are proposed to be implemented:

***(a) Property Businesses Combination***

The Group Property Businesses of the Cheung Kong Group and of the Hutchison Group immediately following completion of the Merger Proposal will be transferred to the CK Property Group.

The consideration for such transfer will be satisfied by (i) CK Property agreeing to issue new CK Property Shares which CKH Holdings will distribute to the CKH Holdings Shareholders pursuant to the Distribution In Specie and (ii) cash in the amount of approximately HK\$55 billion. The cash portion of the consideration will be settled by way of a promissory note to be issued by CK Property to the CKH Holdings Group. It is expected that such promissory note will be redeemed in cash within a short period after completion of the Spin-off Proposal. Such redemption is expected to be funded by either (i) a bridge facility, for which HSBC and Bank of America Merrill Lynch entered into commitment letters on 7 January 2015 in the principal amounts of HK\$45 billion and HK\$10 billion, respectively (or its equivalent in another currency), to CK Property, or (ii) alternatively, in whole or in part by a syndicated loan to be made available to the CK Property Group before completion of the Spin-off Proposal. After its listing, CK Property may consider debt capital markets financing to diversify its sources of funding further.

***(b) Distribution In Specie***

Subject to completion of the Property Businesses Combination referred to above, the CKH Holdings Board will declare a conditional dividend to be paid by way of the Distribution In Specie. Under the Distribution In Specie, all the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination will be distributed by CKH Holdings to the CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) as at the DIS Record Time at the distribution ratio of one CK Property Share for every one CKH Holdings Share then held.

As all the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination at the time of the Distribution In Specie will be distributed to the CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) pursuant to the Distribution In Specie, the CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) will hold the same proportionate interests in CK Property as they hold in CKH Holdings (and as their indirect interests in CK Property) as at the DIS Record Time.

If the Spin-off Proposal proceeds, an application will be made to the Stock Exchange for the listing by way of introduction of, and permission to deal in, the CK Property Shares on the Main Board. It is intended that, upon the listing of the CK Property Shares, the board lot size for trading in CK Property Shares on the Stock Exchange will be 500 CK Property Shares.

## 2. The Group Property Businesses

CK Property is currently a wholly-owned subsidiary of CKH Holdings. CK Property will become the holding company of the CK Property Group, to which the Group Property Businesses will be transferred under the Property Businesses Combination. It is anticipated that, following completion of the Property Businesses Combination, the CK Property Group's property interests (that is, the Group Property Businesses):

(a) will comprise:

- (i) property development and investment;
- (ii) hotels and serviced suites operation;
- (iii) property and project management; and
- (iv) unitholding in each of Fortune Real Estate Investment Trust, Prosperity Real Estate Investment Trust and Hui Xian Real Estate Investment Trust (all of which are listed on the Main Board) as well as interests in ARA Asset Management Limited (which is listed on Singapore Exchange Limited and is the holding company of the manager of Fortune Real Estate Investment Trust and Prosperity Real Estate Investment Trust) and Hui Xian Asset Management Limited (which is the manager of Hui Xian Real Estate Investment Trust), but

(b) will not include:

- (i) those property interests held by the Cheung Kong Group or the Hutchison Group which are used for the purposes of carrying on, or ancillary to, the Group Non-Property Businesses;
- (ii) the property interests held by the listed subsidiaries and listed associated companies of Cheung Kong, Hutchison or CKH Holdings for use in carrying on, or ancillary to, their respective business operations, which will continue to be held by such listed subsidiaries and associated companies; and
- (iii) the Cheung Kong Group's interest in one property under development held through one of its subsidiaries, all the issued shares of which have been agreed to be sold to a third party.

### **3. Information on the Distribution In Specie**

If the Spin-off Proposal proceeds, it will be implemented in compliance with the Listing Rules, including PN 15. Under the Spin-off Proposal, CKH Holdings Shareholders (other than the Non-Qualifying CKH Holdings Overseas Shareholders, if any) will be provided with an assured entitlement to CK Property Shares pursuant to the Distribution In Specie. The Spin-off Proposal will be effected by way of a listing by introduction through the Distribution In Specie, with no new offering of CK Property Shares to the public.

#### ***(a) Conditions precedent to the Distribution In Specie***

The Distribution In Specie under the Spin-off Proposal will be subject to the fulfilment (or, where relevant, waiver) of the following conditions precedent:

- (i) completion of the Cheung Kong Reorganisation Proposal;
- (ii) the Listing Committee granting approval for the listing by way of introduction of, and permission to deal in, the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination and such approval not having been revoked prior to completion of the Spin-off Proposal;
- (iii) the Husky Share Exchange Completion having occurred;
- (iv) the Hutchison Scheme having become effective;
- (v) completion of the Property Businesses Combination; and
- (vi) all Authorisations which may be required in connection with the Spin-off Proposal under any existing contractual arrangements, including loan and other finance documentation, or regulatory requirements having been obtained and all regulatory filing obligations having been complied with.

CKH Holdings will reserve the right to waive the condition precedent in (vi) above in whole or in part and either generally or in respect of any particular matter. The other conditions precedent cannot be waived.

**(b) *Non-Qualifying CKH Holdings Overseas Shareholders***

The distribution of the CK Property Shares under the Distribution In Specie to certain CKH Holdings Shareholders may be subject to laws of jurisdictions outside Hong Kong. CKH Holdings Shareholders should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of CKH Holdings Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Distribution In Specie, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

In connection with the Distribution In Specie, the CKH Holdings Board will make enquiries regarding the legal restrictions under the laws of the jurisdictions where CKH Holdings Overseas Shareholders are located and any other relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions to determine whether it is necessary or expedient as a result of those legal restrictions or requirements to exclude any CKH Holdings Shareholders from receiving CK Property Shares pursuant to the Distribution In Specie. If the CKH Holdings Board considers it necessary or expedient to so exclude a CKH Holdings Shareholder, the relevant Non-Qualifying CKH Holdings Overseas Shareholder will still be entitled to the special dividend but will not receive any CK Property Shares.

In such case, the CK Property Shares which the Non-Qualifying CKH Holdings Overseas Shareholders would otherwise receive pursuant to the Distribution In Specie will be transferred to a person selected by the CKH Holdings Board, who will sell such CK Property Shares on the market as soon as reasonably practicable following the commencement of dealings in the CK Property Shares on the Stock Exchange, and the aggregate proceeds of such sale (net of expenses and taxes) will be paid to the relevant Non-Qualifying CKH Holdings Overseas Shareholders (*pro rata* to their shareholdings in CKH Holdings as at the DIS Record Time) in Hong Kong dollars in full satisfaction of their entitlements to receive the relevant CK Property Shares, provided that if the amount that a Non-Qualifying CKH Holdings Overseas Shareholder would be entitled to receive is less than HK\$50, such sum will be retained for the benefit of CKH Holdings. CKH Holdings does not propose to distribute CK Property Shares to CKH Holdings Shareholders in the United States as part of the Distribution In Specie unless it determines that it can do so in transactions that are exempt from or do not require registration under the U.S. Securities Act.

#### **4. Reasons for and benefits of the Spin-off Proposal**

Please refer to the objectives of the Proposals set out in the section headed “*B. Objectives of the Proposals*” above.

#### **5. The Boards of Directors of CKH Holdings and CK Property following completion of the Spin-off Proposal**

Following completion of the Spin-off Proposal, it is proposed that the boards of directors of CKH Holdings and CK Property will include the following executive directors:

##### ***CKH Holdings***

Mr. Li Ka-shing (Chairman)  
Mr. Li Tzar Kuoi, Victor (Deputy  
Chairman and Co-Managing Director)  
Mr. Fok Kin Ning, Canning  
(Co-Managing Director)  
Mrs. Chow Woo Mo Fong, Susan  
Mr. Ip Tak Chuen, Edmond  
Mr. Kam Hing Lam  
Mr. Lai Kai Ming, Dominic  
Mr. Frank John Sixt

##### ***CK Property***

Mr. Li Ka-shing (Chairman)  
Mr. Li Tzar Kuoi, Victor (Deputy Chairman  
and Managing Director)  
Mr. Kam Hing Lam  
(Deputy Managing Director)  
Mr. Ip Tak Chuen, Edmond  
(Deputy Managing Director)  
Mr. Chung Sun Keung, Davy  
Mr. Chiu Kwok Hung, Justin  
Mr. Chow Wai Kam  
Ms. Pau Yee Wan, Ezra  
Ms. Woo Chia Ching, Grace

There is no overlap in the proposed non-executive directors or independent non-executive directors of the two companies.

#### **6. Simplified Group Structure immediately before and after the Spin-off Proposal**

Set out in Appendix B are the simplified group structure charts of (a) Cheung Kong, Hutchison and Husky as at the date of this announcement and (b) CKH Holdings, CK Property and Husky immediately following completion of the Spin-off Proposal, respectively.

## **F. EXPECTED IMPACT ON CREDIT RATINGS AND PROPOSED DIVIDEND ARRANGEMENTS**

### **1. Credit Ratings**

The Proposals will result in certain financial creditors being entitled to require the repayment or mandatory pre-payment of certain indebtedness of the Cheung Kong Group and the Hutchison Group. The relevant companies have available sufficient resources to effect any such repayment or pre-payment. The Proposals are therefore not expected to have any adverse effect on the Cheung Kong Group, the Hutchison Group or their respective creditors.

In addition, CKH Holdings will, following the completion of the Proposals, guarantee the existing indebtedness of the Cheung Kong Group and the Hutchison Group which is guaranteed by Cheung Kong or Hutchison, including all outstanding bonds and capital securities issued by members of the Cheung Kong Group and the Hutchison Group and guaranteed by Cheung Kong or Hutchison. Following completion of the Proposals, subject to the confirmation of credit rating agencies, both CKH Holdings and CK Property are expected to obtain and maintain strong investment grade ratings consistent with Hutchison's current investment grade ratings.

### **2. Proposed Dividend Arrangements**

Prior to completion of the Merger Proposal, each of Hutchison and Cheung Kong (or, if the Cheung Kong Reorganisation Proposal has become effective, Hutchison and CKH Holdings) will declare a second interim dividend in lieu of a final dividend in respect of the financial year of 2014 based on their respective full results for the financial year of 2014. It is expected that the payment date for such second interim dividend will be earlier than the usual payment date for the final dividends paid in recent years.

For the financial year of 2015, if the Merger Proposal and the Spin-off Proposal have become effective, an interim dividend will be declared by each of CKH Holdings and CK Property at the time of the announcement of their respective interim results and will take account of the results of the respective businesses of the CKH Holdings Group and the CK Property Group from 1 January 2015. Subject to business results for the financial year of 2015, assuming an existing Cheung Kong Shareholder or Hutchison Shareholder continues to hold both the CKH Holdings Shares and CK Property Shares received after completion of the Proposals, it is expected that the combined per share dividend CKH Holdings and CK Property will pay in respect of the financial year of 2015 on those Shares will be more than the total dividend per Cheung Kong Share or Hutchison Share, as the case may be, paid in respect of the financial year of 2014, excluding any special dividends paid in that year.

Going forward from the financial year of 2016, each of CKH Holdings and CK Property will adopt a dividend policy that is consistent with its business profile. Subject to business conditions and the maintenance of CKH Holdings' and CK Property's strong investment grade ratings, such dividend policy is expected to result in a higher dividend payout ratio than that in the financial year of 2015.

## **G. GENERAL INFORMATION**

### **1. Information on the Cheung Kong Group, the Hutchison Group, the Trust and Husky**

#### ***(a) The Cheung Kong Group***

The present principal business activities of the Cheung Kong Group comprise (i) property development and investment, hotels and serviced suites operation, property and project management, and (ii) investment in infrastructure businesses and securities, and ownership and leasing of movable assets. The Cheung Kong Group also has a 49.97% shareholding interest in Hutchison.

The Cheung Kong Group is one of the largest developers in Hong Kong of residential, commercial and industrial properties.

#### ***(b) The Hutchison Group***

The Hutchison Group is a multinational conglomerate committed to innovation and technology, with six core businesses – ports and related services, property and hotels, retail, infrastructure, energy and telecommunications – in over 50 countries across the world. Hutchison is one of the largest companies listed on the Main Board.

#### ***(c) The Trust***

The Trust comprises four discretionary trusts and two unit trusts. The relevant trustee (as trustee of the Trust) currently holds approximately 40.43% of the issued shares of Cheung Kong, approximately 0.27% of the issued shares of Hutchison, and approximately 35.57% of the common shares of Husky in issue. The settlor of the discretionary trusts comprised in the Trust is Mr. Li Ka-shing and the discretionary beneficiaries of such discretionary trusts include, among others, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

#### ***(d) Husky***

Please see the section headed “*D. The Merger Proposal – 2. The Husky Share Exchange – (c) Information on Husky*” above for information on Husky.

## **2. General Meetings and Court Meetings**

### ***(a) The Cheung Kong Court Meeting and the Cheung Kong General Meeting***

The Cheung Kong Court Meeting and the Cheung Kong General Meeting will be held for the Cheung Kong Shareholders to consider, and, if thought fit, approve, the Cheung Kong Scheme. To the best knowledge and information of the Cheung Kong Directors, none of the Cheung Kong Shareholders (including, among others, the Trust) will be required to abstain from voting at the Cheung Kong Court Meeting and the Cheung Kong General Meeting.

The relevant entities which hold Cheung Kong Shares under the Trust, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor have indicated to Cheung Kong that the Cheung Kong Shares held by them or held through their controlled companies will be voted in favour of the resolutions to be proposed at the Cheung Kong Court Meeting and the Cheung Kong General Meeting to approve the Cheung Kong Scheme and its implementation.

### ***(b) The CKH Holdings EGM***

Under the Merger Proposal, it is proposed that CKH Holdings will convene the CKH Holdings EGM for the CKH Holdings Shareholders to consider, and if thought fit approve, the issue of CKH Holdings Shares as contemplated under the Husky Share Exchange and the Hutchison Proposal. All CKH Holdings Shareholders who have a material interest (which is different from that of all other CKH Holdings Shareholders) in any of the Husky Share Exchange, the Hutchison Proposal and the Spin-off Proposal, and their associates, will be required to abstain from voting on any resolution(s) of CKH Holdings for approving the issue of CKH Holdings Shares as contemplated under the Husky Share Exchange and the Hutchison Proposal.

The relevant entities which will hold CKH Holdings Shares under the Trust following completion of the Cheung Kong Reorganisation Proposal, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor and their respective associates will abstain from voting on the above resolutions at the CKH Holdings EGM.

### ***(c) The Hutchison Court Meeting and the Hutchison General Meeting***

Under the Merger Proposal, it is proposed that the Hutchison Court Meeting will be convened for the Hutchison Scheme Shareholders to consider and, if thought fit, approve, the Hutchison Scheme, and that the Hutchison General Meeting will be convened for the Hutchison Shareholders to consider, and if thought fit, approve, the Husky Share Exchange (as a special deal under Rule 25 of the Takeovers Code) and giving effect to the reduction and restoration of the issued share capital of Hutchison under the Hutchison Scheme.

The Hutchison Proposal Offeror and the Offeror Concert Parties (including Cheung Kong, the relevant entities which hold Hutchison Shares under the Trust, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, Mr. Leung Siu Hon, Mr. Fok Kin Ning, Canning, Mr. Frank John Sixt, Mr. Chow Kun Chee, Roland, Mr. George Colin Magnus, Mr. Lee Yeh Kwong, Charles, Mr. Yeh Yuan Chang, Anthony, Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine and Mr. Li Tzar Kai, Richard and members of the HSBC group and the Bank of America Merrill Lynch group (other than exempt fund managers and those members of the HSBC group and the Bank of America Merrill Lynch group which are referred to in the definition of “Independent Hutchison Shareholders” in this announcement)) will abstain from voting on the resolution approving the Hutchison Scheme at the Hutchison Court Meeting and from voting on the resolution approving the Husky Share Exchange at the Hutchison General Meeting.

Each of Cheung Kong, the relevant entities which hold Hutchison Shares under the Trust, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, Mr. Leung Siu Hon, Mr. Fok Kin Ning, Canning, Mr. Frank John Sixt, Mr. Chow Kun Chee, Roland, Mr. George Colin Magnus, Mr. Lee Yeh Kwong, Charles, Mr. Yeh Yuan Chang, Anthony, Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine and Mr. Li Tzar Kai, Richard has indicated that if the Hutchison Scheme is approved at the Hutchison Court Meeting, those Hutchison Shares held by it or him or her directly or indirectly will be voted in favour of the resolutions to be proposed for giving effect to the reduction and restoration of the issued share capital of Hutchison under the Hutchison Scheme at the Hutchison General Meeting.

### **3. Independent Board Committees, the Financial Adviser, the Independent Financial Advisers and Joint Sponsors**

An independent board committee (comprising all of the independent non-executive directors of CKH Holdings) has been established by the CKH Holdings Board to make recommendations to the Independent CKH Holdings Shareholders on the Merger Proposal.

An independent board committee (comprising all of the independent non-executive directors of Hutchison) has been established by the Hutchison Board to make recommendations to the Independent Hutchison Shareholders on the Merger Proposal. The two non-executive directors of Hutchison (being Mr. Lee Yeh Kwong, Charles and Mr. George Colin Magnus) will not be members of the independent board committee as they are also non-executive directors of Cheung Kong.

HSBC has been appointed as (i) the sole financial adviser to Cheung Kong and CKH Holdings in connection with the Cheung Kong Reorganisation Proposal and (ii) the sole financial adviser to Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror in connection with the Merger Proposal.

Anglo Chinese, which has been engaged as independent financial adviser to each of Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror in relation to the Merger Proposal pursuant to Rule 2.4 of the Takeovers Code, has advised that, having taken into account, among others, the terms of the Hutchison Scheme, the terms of the Husky Share Exchange and the anticipated benefits expected to arise from the objectives of the Proposals, it considers that the Hutchison Proposal is in the interests of the respective shareholders of Cheung Kong and (upon completion of the Cheung Kong Reorganisation Proposal) CKH Holdings and the Hutchison Proposal Offeror. A copy of the full advice of Anglo Chinese will be included in the CKH Holdings Circular.

Anglo Chinese has also been appointed as the independent financial adviser to advise the independent board committee of CKH Holdings in connection with the Hutchison Proposal and the Husky Share Exchange.

An independent financial adviser will be appointed to advise the independent board committee of Hutchison in connection with the Hutchison Proposal and the Husky Share Exchange (which constitutes a special deal under Rule 25 of the Takeovers Code). An announcement will be made by Hutchison as soon as practicable following the appointment of such independent financial adviser.

Bank of America Merrill Lynch and HSBC Corporate Finance have been appointed as the joint sponsors in relation to the Spin-off Proposal.

#### **4. Timetable**

Subject to the fulfilment (or, where relevant, waiver) of the conditions mentioned above, it is expected that the Proposals will be completed around the end of the first half of 2015.

Subject to completion of the Cheung Kong Reorganisation Proposal, it is currently expected that the CKH Holdings Circular will be despatched to the CKH Holdings Shareholders in or around the end of March or early April 2015. The precise date will be subject to change, depending on the Court schedule and the availability of hearing dates as the convening of the court meetings will be ordered by the Court and the Cheung Kong Scheme will require Court sanction.

It is expected that the Hutchison Scheme Document will be despatched within seven days of completion of the Cheung Kong Reorganisation Proposal. An application will be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code and to extend the date of despatch of the Hutchison Scheme Document accordingly.

#### **5. Companies' Presentation**

Appendix C contains a copy of the joint investor presentation of Cheung Kong and Hutchison.

## 6. Precautionary Language Regarding Forward-Looking Statements

*This announcement contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of Hutchison, Cheung Kong, and their respective boards of directors regarding the transactions described in this announcement. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “anticipate”, “seek”, “continue” or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Cheung Kong and Hutchison and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which the Cheung Kong Group and the Hutchison Group operate, and other factors affecting the levels of the businesses of the Cheung Kong Group and Hutchison Group respectively and the costs and availability of financing for the activities of the Cheung Kong Group and the Hutchison Group respectively.*

*Any forward-looking statement contained in this announcement based on past or current trends and/or activities of the Cheung Kong Group and the Hutchison Group respectively should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of Cheung Kong or Hutchison for the current year or future years will necessarily match or exceed the historical or published earnings of Cheung Kong or Hutchison. Each forward-looking statement speaks only as at the date of the particular statement. Each of Cheung Kong and Hutchison expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations of each of Cheung Kong and Hutchison with regard thereto or any change in events, conditions of circumstances on which any such statement is based.*

## H. SECURITIES OF CHEUNG KONG AND OF HUTCHISON

As at the date of this announcement, the relevant securities of Cheung Kong comprise 2,316,164,338 shares in issue, and the relevant securities of Hutchison comprise 4,263,370,780 shares in issue. Save as disclosed above, neither Cheung Kong nor Hutchison has other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Further announcement(s) will be made as and when appropriate or required in accordance with the applicable requirements of the Listing Rules and the Takeovers Code.

## I. DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of either of Cheung Kong and Hutchison respectively (including those shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of either of Cheung Kong and Hutchison, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of either of Cheung Kong and Hutchison), are hereby reminded to disclose their dealings in the relevant securities of either of Cheung Kong and Hutchison pursuant to the requirements of the Takeovers Code.

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

*“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 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.”*

## J. WARNINGS

**Shareholders and holders of other securities of either Cheung Kong or Hutchison, and potential investors in the securities of either Cheung Kong or Hutchison, should note that the Cheung Kong Reorganisation Proposal, the Merger Proposal, the Spin-off Proposal and all transactions thereunder are subject to, among other things, compliance with applicable legal and regulatory requirements, including the requirements for approval by shareholders of the companies concerned at general meeting(s), sanction by the Court and approval of the Stock Exchange and/or other regulators. Accordingly, there is no certainty as to whether, and if so when, any such proposed transactions will proceed and/or will become effective.**

**Shareholders and holders of other securities of either Cheung Kong or Hutchison, and potential investors in the securities of either Cheung Kong or Hutchison, should exercise caution when dealing in the shares or other securities of either Cheung Kong or Hutchison. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Cheung Kong Shareholders and Hutchison Shareholders are advised to read carefully the formal documentation in relation to the Cheung Kong Reorganisation Proposal or the Hutchison Proposal, respectively, once it has been despatched.

In particular, this announcement is not an offer of securities for sale nor a solicitation of an offer to buy securities in the United States. The CKH Holdings Shares, which will be issued in connection with the Cheung Kong Reorganisation Proposal or the Merger Proposal, if made, and the CK Property Shares proposed to be distributed under the Distribution In Specie as described in the Spin-off Proposal, if made, have not been, and will not be, registered under the U.S. Securities Act or under the securities law of any state, district or other jurisdiction of the United States, or any other jurisdiction, and no regulatory approval or clearance in respect of the CKH Holdings Shares or the CK Property Shares has been, or will be, applied for in any jurisdiction other than Hong Kong. The CKH Holdings Shares and the CK Property Shares may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. It is expected that the CKH Holdings Shares will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Neither CKH Holdings nor CK Property intends to make any public offering of securities in the United States.

Under applicable U.S. securities laws, Cheung Kong Shareholders (whether or not U.S. Persons (as defined in Regulation S under the U.S. Securities Act)) who are or will be “affiliates” of Cheung Kong or CKH Holdings prior to, or of CKH Holdings after, the Cheung Kong Scheme Effective Date will be subject to certain transfer restrictions relating to the CKH Holdings Shares received in connection with the Cheung Kong Scheme. Under applicable U.S. securities laws, Hutchison Shareholders (whether or not U.S. Persons (as defined in Regulation S under the U.S. Securities Act)) who are or will be “affiliates” of Hutchison or CKH Holdings prior to, or of CKH Holdings after, the effective date of the Hutchison Scheme, if made, will be subject to certain transfer restrictions relating to the CKH Holdings Shares received in connection with the Hutchison Scheme.

**Notice to Cheung Kong Shareholders and Hutchison Shareholders in the United States:** The Cheung Kong Reorganisation Proposal and the Hutchison Proposal relate to the shares of Hong Kong companies and are proposed to be made by means of separate schemes of arrangement provided for under the laws of Hong Kong. The Cheung Kong Reorganisation Proposal and the Hutchison Proposal are subject to the disclosure requirements and practices applicable in Hong Kong to schemes of arrangement, which differ from the disclosure and other requirements of the U.S. securities laws. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in Hong Kong that may not be comparable to the financial statements of U.S. companies.

**Notice to Investors in Singapore:** The CKH Holdings Shares may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except under or pursuant to a prospectus registration exemption under Subdivision (4) of Division 1 of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) (other than section 280 of the SFA).

## DEFINITIONS

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

- “Anglo Chinese”** Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on 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, and which is the independent financial adviser to Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror in respect of the Merger Proposal;
- “Authorisations”** all authorisations, registrations, filings, rulings, consents, permissions and approvals (including approval in-principle);
- “Bank of America Merrill Lynch”** (i) (when referring to the bridge facility in connection with the Property Businesses Combination) Bank of America, N.A.; or
- (ii) (when referring to the joint sponsor) Merrill Lynch Far East Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance), and type 7 (providing automated trading services) regulated activities under the SFO, which is one of the joint sponsors appointed in respect of the Spin-off Proposal;
- “Beneficial Owner”** any beneficial owner of shares whose shares are registered in the name of a Registered Owner;

<b>“book equity value attributable to shareholders”</b>	shareholders’ funds in the consolidated financial statements of Cheung Kong;
<b>“business day”</b>	a day on which the Stock Exchange is open for business of dealing in securities;
<b>“CAD”</b>	Canadian dollars, the lawful currency of Canada;
<b>“Cayman Companies Law”</b>	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time);
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC;
<b>“Cheung Kong”</b>	Cheung Kong (Holdings) Limited (長江實業(集團)有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 0001);
<b>“Cheung Kong Board”</b>	the board of Cheung Kong Directors;
<b>“Cheung Kong Court Meeting”</b>	the meeting of the Cheung Kong Scheme Shareholders to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Cheung Kong Scheme;
<b>“Cheung Kong Directors”</b>	the directors of Cheung Kong;
<b>“Cheung Kong General Meeting”</b>	the general meeting of Cheung Kong to be convened for immediately following the Cheung Kong Court Meeting for the purposes of considering and, if thought fit, approving the Cheung Kong Scheme;
<b>“Cheung Kong Group”</b>	Cheung Kong and its subsidiaries or, where the context so requires, upon the Cheung Kong Scheme becoming effective, CKH Holdings and its subsidiaries;
<b>“Cheung Kong Overseas Shareholders”</b>	Cheung Kong Shareholder(s) whose address(es), as shown on the register of members of Cheung Kong at the Cheung Kong Scheme Record Time, is (are) in any territory other than Hong Kong;
<b>“Cheung Kong Reorganisation Proposal”</b>	the proposal whereby the holding company of the Cheung Kong Group will be changed from Cheung Kong to CKH Holdings by way of the Cheung Kong Scheme;

<b>“Cheung Kong Scheme”</b>	a scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance for the implementation of the Cheung Kong Reorganisation Proposal;
<b>“Cheung Kong Scheme Document”</b>	the scheme document to be issued by Cheung Kong to the Cheung Kong Shareholders in relation to the Cheung Kong Scheme;
<b>“Cheung Kong Scheme Effective Date”</b>	the date upon which the Cheung Kong Scheme becomes effective in accordance with the Companies Ordinance;
<b>“Cheung Kong Scheme Record Time”</b>	the record time to be determined by Cheung Kong for determining the entitlements of Cheung Kong Scheme Shareholders to the Cheung Kong Scheme, which is expected to be on the business day immediately preceding the Cheung Kong Scheme Effective Date;
<b>“Cheung Kong Scheme Shareholders”</b>	holders of the Cheung Kong Scheme Shares as at the Cheung Kong Scheme Record Time;
<b>“Cheung Kong Scheme Shares”</b>	all the Cheung Kong Shares in issue at the Cheung Kong Scheme Record Time;
<b>“Cheung Kong Shareholder(s)”</b>	holder(s) of Cheung Kong Shares;
<b>“Cheung Kong Share(s)”</b>	ordinary share(s) in the issued share capital of Cheung Kong;
<b>“CK Property”</b>	Cheung Kong Property Holdings Limited (長江實業地產有限公司), an exempted company incorporated in the Cayman Islands on 2 January 2015 with limited liability, which is currently a wholly-owned subsidiary of CKH Holdings and which, if the Spin-off Proposal becomes unconditional, is expected to become the holding company of the Group Property Businesses and become listed on the Main Board by way of introduction;
<b>“CK Property Group”</b>	CK Property and its subsidiaries from time to time;
<b>“CK Property Shares”</b>	ordinary share(s) in the share capital of CK Property;
<b>“CKH Holdings”</b>	CK Hutchison Holdings Limited (長江和記實業有限公司), an exempted company incorporated in the Cayman Islands on 11 December 2014 with limited liability which is currently a wholly-owned subsidiary of Cheung Kong and, upon the Cheung Kong Scheme becoming effective, will become the new holding company of the Cheung Kong Group, and the shares of which will be listed on the Main Board by way of introduction;

<b>“CKH Holdings Board”</b>	the board of CKH Holdings Directors;
<b>“CKH Holdings Circular”</b>	the circular of CKH Holdings to be issued and despatched to the CKH Holdings Shareholders in relation to the issue of CKH Holdings Shares as contemplated under the Husky Share Exchange and the Hutchison Proposal, which will include the notice for convening the CKH Holdings EGM;
<b>“CKH Holdings Directors”</b>	the directors of CKH Holdings;
<b>“CKH Holdings EGM”</b>	an extraordinary general meeting of CKH Holdings to be convened for the purposes of considering and, if thought fit, approving, among other things, the issue of CKH Holdings Shares as contemplated under the Husky Share Exchange and the Hutchison Proposal;
<b>“CKH Holdings Group”</b>	CKH Holdings and its subsidiaries from time to time (which include Cheung Kong Group immediately upon the implementation of the Cheung Kong Reorganisation Proposal);
<b>“CKH Holdings Overseas Shareholders”</b>	CKH Holdings Shareholder(s) whose address(es), as shown in the register of members of CKH Holdings at the DIS Record Time, is (are) in any territory other than Hong Kong;
<b>“CKH Holdings Shareholder(s)”</b>	holder(s) of the CKH Holdings Share(s);
<b>“CKH Holdings Share(s)”</b>	ordinary share(s) in the share capital of CKH Holdings;
<b>“Companies Ordinance”</b>	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);
<b>“Companies Registrar”</b>	the Registrar of Companies in Hong Kong;
<b>“core connected persons”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Court”</b>	the Court of First Instance of the High Court of Hong Kong;
<b>“DIS Record Time”</b>	the record time to be determined by CKH Holdings for determining the entitlement of the CKH Holdings Shareholders to the Distribution In Specie;
<b>“Distribution In Specie”</b>	the proposed distribution of all the CK Property Shares in issue and to be issued pursuant to the Property Businesses Combination to CKH Holdings Shareholders as at the DIS Record Time pursuant to the Spin-off Proposal;

<b>“DT1”</b>	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;
<b>“DT2”</b>	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;
<b>“DT3”</b>	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;
<b>“DT4”</b>	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;
<b>“Excluded Property Interests”</b>	<ul style="list-style-type: none"> <li>(i) those property interests held by the Cheung Kong Group or the Hutchison Group which are used for the purposes of carrying on, or ancillary to, the Group Non-Property Businesses;</li> <li>(ii) the property interests held by the listed subsidiaries and listed associated companies of Cheung Kong, Hutchison or CKH Holdings for use in carrying on, or ancillary to, their respective operations, which will continue to be held by such listed subsidiaries and associated companies; and</li> <li>(iii) the Cheung Kong Group’s interest in one property under development held through one of its subsidiaries, all the issued shares of which have been agreed to be sold to a third party;</li> </ul>
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
<b>“Group Non-Property Businesses”</b>	the businesses of the Cheung Kong Group and the Hutchison Group other than the Group Property Businesses, comprising the following businesses: (a) ports and related services, (b) retail, (c) infrastructure, (d) energy, (e) telecommunications, (f) ownership and leasing of movable assets, and (g) other investments in securities;

<b>“Group Property Businesses”</b>	the property businesses of the Cheung Kong Group and the Hutchison Group, (i) comprising (a) property development and investment, (b) hotels and serviced suites operation, (c) property and project management, and (d) unitholding in each of Fortune Real Estate Investment Trust, Prosperity Real Estate Investment Trust and Hui Xian Real Estate Investment Trust (all of which are listed on the Main Board) as well as interests in ARA Asset Management Limited (which is listed on Singapore Exchange Limited and is the holding company of the managers of Fortune Real Estate Investment Trust and Prosperity Real Estate Investment Trust) and Hui Xian Asset Management Limited (which is the manager of Hui Xian Real Estate Investment Trust) (ii) but excluding the Excluded Property Interests;
<b>“HKSCC”</b>	Hong Kong Securities and Clearing Company Limited;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“HSBC”</b>	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, licensed 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 Law of Hong Kong), which is the financial adviser to Cheung Kong and CKH Holdings in relation to the Cheung Kong Reorganisation Proposal and to Cheung Kong, CKH Holdings and the Hutchison Proposal Offeror in relation to the Merger Proposal;
<b>“HSBC Corporate Finance”</b>	HSBC Corporate Finance (Hong Kong) Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, which is one of the joint sponsors appointed in respect of the Spin-off Proposal;
<b>“Husky”</b>	Husky Energy Inc. (赫斯基能源公司), a company incorporated in Alberta, Canada with limited liability, the shares of which are listed on the Toronto Stock Exchange;
<b>“Husky Sale Shares”</b>	61,357,010 Husky Shares, representing approximately 6.24% of the common shares of Husky in issue as at the date of this announcement;

<b>“Husky Sale Shares Purchaser”</b>	Hutchison Whampoa Europe Investments S.à r.l., a company incorporated in Luxembourg with limited liability and an indirect wholly-owned subsidiary of Hutchison, and which holds the Hutchison Group’s existing 33.97% interest in Husky;
<b>“Husky Sale Shares Vendor”</b>	L.F. Investments S.à r.l., a company incorporated in Luxembourg with limited liability and which is indirectly wholly owned by the Trust;
<b>“Husky Share Exchange ”</b>	the proposed acquisition by the Husky Sale Shares Purchaser of the Husky Sale Shares pursuant to the Husky Share Exchange Agreement;
<b>“Husky Share Exchange Agreement”</b>	the conditional agreement dated 9 January 2015 entered into between the Husky Sale Shares Vendor and the Husky Sale Shares Purchaser in relation to the Husky Share Exchange, further details of which are summarised in this announcement;
<b>“Husky Share Exchange Completion”</b>	completion of the Husky Share Exchange pursuant to the Husky Share Exchange Agreement;
<b>“Husky Shares”</b>	the common shares of Husky which are publicly traded and listed on the Toronto Stock Exchange;
<b>“Hutchison”</b>	Hutchison Whampoa Limited (和記黃埔有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (stock code: 0013);
<b>“Hutchison Board”</b>	the board of Hutchison Directors;
<b>“Hutchison Court Meeting”</b>	the meeting of the Hutchison Scheme Shareholders to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Hutchison Scheme;
<b>“Hutchison Directors”</b>	the directors of Hutchison;
<b>“Hutchison General Meeting”</b>	the general meeting of Hutchison to be convened for immediately following the Hutchison Court Meeting, for the purposes of considering and, if thought fit, approving the reduction and restoration of the issued share capital of Hutchison under the Hutchison Proposal, and the Husky Share Exchange;
<b>“Hutchison Group”</b>	Hutchison and its subsidiaries;

<b>“Hutchison Independent Financial Adviser”</b>	the independent financial adviser to be appointed to advise the independent board committee of Hutchison in relation to the Hutchison Proposal and the Husky Share Exchange;
<b>“Hutchison Overseas Shareholders”</b>	Hutchison Shareholder(s) whose address(es), as shown in the register of members of Hutchison at the Hutchison Scheme Record Time, is (are) in any territory other than Hong Kong;
<b>“Hutchison Proposal”</b>	the conditional share exchange offer proposed to be made by the Hutchison Proposal Offeror to the Hutchison Scheme Shareholders for the cancellation of all the Hutchison Scheme Shares by way of the Hutchison Scheme;
<b>“Hutchison Proposal Offeror”</b>	CK Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKH Holdings;
<b>“Hutchison Scheme”</b>	the proposed scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance for the implementation of the Hutchison Proposal;
<b>“Hutchison Scheme Document”</b>	the composite scheme document to be issued by the Hutchison Proposal Offeror and Hutchison to the Hutchison Shareholders in relation to the Hutchison Scheme;
<b>“Hutchison Scheme Effective Date”</b>	the date upon which the Hutchison Scheme becomes effective in accordance with the Companies Ordinance;
<b>“Hutchison Scheme Record Time”</b>	the record time to be determined by Hutchison for determining the entitlements of the Hutchison Scheme Shareholders to the Hutchison Scheme, which is expected to be on the business day immediately preceding the Hutchison Scheme Effective Date;
<b>“Hutchison Scheme Shareholders”</b>	holders of the Hutchison Scheme Shares;
<b>“Hutchison Scheme Shares”</b>	all the Hutchison Shares in issue at the Hutchison Scheme Record Time, other than those held by the Relevant Cheung Kong Subsidiaries;
<b>“Hutchison Shareholder(s)”</b>	holder(s) of Hutchison Shares;
<b>“Hutchison Shares”</b>	ordinary share(s) in the issued share capital of Hutchison;

<b>“Independent CKH Holdings Shareholders”</b>	CKH Holdings Shareholders who do not have a material interest (which is different from that of all other CKH Holdings Shareholders) in any of the Husky Share Exchange, the Hutchison Proposal and the Spin-off Proposal;
<b>“Independent Hutchison Shareholders”</b>	Hutchison Shareholders other than the Hutchison Proposal Offeror and Offeror Concert Parties. For the avoidance of doubt, Independent Hutchison Shareholders include any member of the HSBC group or the Bank of America Merrill Lynch group acting in its capacity as a Registered Owner of Hutchison Scheme Shares held on behalf of a Beneficial Owner where the Beneficial Owner (i) controls the voting rights attaching to those Hutchison Shares, (ii) if those Hutchison Shares are voted, gives instructions as to how the Hutchison Shares are to be voted, and (iii) is not the Hutchison Proposal Offeror or a person acting in concert with the Hutchison Proposal Offeror;
<b>“Listing Committee”</b>	the Listing Committee of the Stock Exchange;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
<b>“Main Board”</b>	the Main Board of the Stock Exchange;
<b>“Merger Proposal”</b>	collectively, the Hutchison Proposal and the Husky Share Exchange;
<b>“Mr. Li Ka-shing”</b>	Mr. Li Ka-shing, who is the chairman and an executive director of each of Cheung Kong and Hutchison (and, in any context where shareholding is stated, a reference to the shareholding of Mr. Li Ka-shing shall also include the shareholding of companies controlled by him);
<b>“Mr. Li Ka-shing Owned Companies”</b>	collectively, (i) Emino Limited, (ii) Vision City International Limited, (iii) Master Grade Investments Limited, (iv) Rapid Gain Investments Limited, (v) Humphrey Investments Limited, each of which is indirectly beneficially owned by Mr. Li Ka-shing;
<b>“Mr. Li Tzar Kuoi, Victor”</b>	Mr. Li Tzar Kuoi, Victor, who is the managing director, the deputy chairman and an executive director of Cheung Kong and the deputy chairman and an executive director of Hutchison (and, in any context where shareholding is stated, a reference to the shareholding of Mr. Li Tzar Kuoi, Victor shall also include the shareholding of his spouse, his children and companies controlled by him);

<b>“Non-Qualifying Cheung Kong Overseas Shareholder(s)”</b>	those Cheung Kong Overseas Shareholder(s) who will not receive CKH Holdings Shares pursuant to the Cheung Kong Scheme but will receive cash in full satisfaction of their rights to the CKH Holdings Shares where the law of any relevant jurisdiction precludes an offer of the CKH Holdings Shares, or precludes it except after compliance by CKH Holdings with conditions with which CKH Holdings is unable to comply or that CKH Holdings regards as unduly onerous;
<b>“Non-Qualifying CKH Holdings Overseas Shareholder(s)”</b>	those CKH Holdings Overseas Shareholder(s) and other person(s) who will not receive CK Property Shares pursuant to the Distribution In Specie, but will receive cash in full satisfaction of their entitlement to receive the CK Property Shares as further described in the paragraph headed “ <i>E. The Spin-off Proposal in relation to the Group Property Businesses – 3. Information on the Distribution In Specie – (b) Non-Qualifying CKH Holdings Overseas Shareholders</i> ” in this announcement;
<b>“Non-Qualifying Hutchison Overseas Shareholder(s)”</b>	those Hutchison Overseas Shareholder(s) who will not receive CKH Holdings Shares pursuant to the Hutchison Scheme, but will receive cash in full satisfaction of their rights to the CKH Holdings Shares where the law of any relevant jurisdiction precludes an offer of the CKH Holdings Shares, or precludes it except after compliance by CKH Holdings with conditions with which CKH Holdings is unable to comply or that CKH Holdings regards as unduly onerous;
<b>“Offeror Concert Parties”</b>	parties acting in concert with the Hutchison Proposal Offeror in relation to Hutchison, including the persons referred to in the first column under “Offeror Concert Parties” in the section headed “ <i>D. The Merger Proposal – 4. Shareholding Structure – (a) The shareholding structure of Hutchison</i> ” in this announcement and Bank of America Merrill Lynch (except for members of the HSBC group and the Bank of America Merrill Lynch group which are exempt fund managers or exempt principal traders, in each case recognised by the Executive as such for the purposes of the Takeovers Code), each of which is presumed under the Takeovers Code to be acting in concert with the Hutchison Proposal Offeror in relation to Hutchison;
<b>“PN 15”</b>	Practice Note 15 of the Listing Rules;
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement and, except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan;
<b>“Property Businesses Combination”</b>	the proposed transfer of the Group Property Businesses to the CK Property Group, following completion of the Merger Proposal;

<b>“Proposals”</b>	collectively, the Cheung Kong Reorganisation Proposal, the Merger Proposal and the Spin-off Proposal;
<b>“Registered Owner”</b>	any owner of shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the company which issued the shares;
<b>“Relevant Authorities”</b>	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions;
<b>“Relevant Cheung Kong Subsidiaries”</b>	collectively, (i) Continental Realty Limited, (ii) Fumanda Limited, (iii) Good Energy Limited, (iv) Guidefield Limited, (v) Haldaner Limited, (vi) Harrowgate Investments Limited, (vii) Harvestime Holdings Limited, (viii) Hey Darley Limited, (ix) Hislop Resources Limited, (x) Kam Chin Investment S.A., (xi) Mirabole Limited, (xii) Oriental Time Investment Limited, (xiii) Polycourt Limited, (xiv) Richland Realty Limited, (xv) Shining Heights Profits Limited, (xvi) Top Win Investment Limited, (xvii) Wealth Pleasure Limited, (xviii) Well Karin Limited, (xix) White Rain Enterprises Limited, and (xx) Winbo Power Limited, each of which is a wholly-owned subsidiary of Cheung Kong and which in aggregate hold approximately 49.97% of the issued shares of Hutchison;
<b>“SFC”</b>	the Securities and Futures Commission;
<b>“SFO”</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);
<b>“Specified Currency Exchange Rate”</b>	the exchange rate of CAD1 to HK\$6.5782, which is equivalent to the exchange rate quoted by OANDA on 6 January 2015;
<b>“Spin-off Proposal”</b>	the proposed spin-off and distribution of the Group Property Businesses to the CKH Holdings Shareholders by way of the Distribution In Specie, and separate listing of the CK Property Shares on the Main Board by way of introduction;
<b>“sq.m”</b>	square metres;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Takeovers Code”</b>	the Code on Takeovers and Mergers issued by the SFC (as amended, supplemented or otherwise modified from time to time);

“TDT1”	Li Ka-Shing Unity Trustee Corporation Limited, which is the trustee of DT1;
“TDT2”	Li Ka-Shing Unity Trustcorp Limited, which is the trustee of DT2;
“TDT3”	Li Ka-Shing Castle Trustee Corporation Limited, which is the trustee of DT3;
“TDT4”	Li Ka-Shing Castle Trustcorp Limited, 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, which is the trustee of UT1;
“TUT3”	Li Ka-Shing Castle Trustee Company Limited, which is the trustee of UT3;
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“UT1”	The Li Ka-Shing Unity Trust;
“UT3”	The Li Ka-Shing Castle Trust; and
“%”	per cent.

*All percentages stated in this announcement are approximations.*

By Order of the Board  
**Cheung Kong (Holdings) Limited**  
**LI Ka-shing**  
*Chairman*

By Order of the Board  
**Hutchison Whampoa Limited**  
**LI Ka-shing**  
*Chairman*

Hong Kong, 9 January 2015

*As at the date of this announcement, the Cheung Kong Directors are: Mr. Li Ka-shing (Chairman), Mr. Li Tzar Kuoi, Victor (Managing Director and Deputy Chairman), Mr. Kam Hing Lam (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond (Deputy Managing Director), Mr. Chung Sun Keung, Davy, Ms. Pau Yee Wan, Ezra, Ms. Woo Chia Ching, Grace and Mr. Chiu Kwok Hung, Justin as executive Cheung Kong Directors; Mr. Leung Siu Hon, Mr. Fok Kin Ning, Canning, Mr. Frank John Sixt, Mr. Chow Kun Chee, Roland, Mr. George Colin Magnus and Mr. Lee Yeh Kwong, Charles as non-executive Cheung Kong Directors; and Mr. Kwok Tun-li, Stanley, Mr. Yeh Yuan Chang, Anthony, Mr. Simon Murray, Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Dr. Wong Yick-ming, Rosanna (also alternate director to Mr. Simon Murray) and Mr. Cheong Ying Chew, Henry as independent non-executive Cheung Kong Directors.*

*Note: Other than Chairman, Managing Director and Deputy Managing Directors, order by date of appointment, and in the case of Non-executive Directors (“NED”)/Independent Non-executive Directors (“INED”), order by date of appointment as NED/INED.*

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

*As at the date of this announcement, the executive Hutchison Directors are: Mr. Li Ka-shing (Chairman), Mr. Li Tzar Kuoi, Victor (Deputy Chairman), Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan, Mr. Frank John Sixt, Mr. Lai Kai Ming, Dominic and Mr. Kam Hing Lam; and the non-executive Hutchison Directors are Mr. Cheng Hoi Chuen, Vincent (independent non-executive director), The Hon Sir Michael David Kadoorie (independent non-executive director), Ms. Lee Wai Mun, Rose (independent non-executive director), Mr. Lee Yeh Kwong, Charles, Mr. George Colin Magnus, Mr. William Shurniak (independent non-executive director) and Mr. Wong Chung Hin (independent non-executive director); and the alternate director is Mr. William Elkin Mocatta (alternate to The Hon Sir Michael David Kadoorie).*

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

*As at the date of this announcement, the directors of the Hutchison Proposal Offeror are: Mr. Li Tzar Kuoi, Victor, Mr. Kam Hing Lam, and Mr. Ip Tak Chuen, Edmond.*

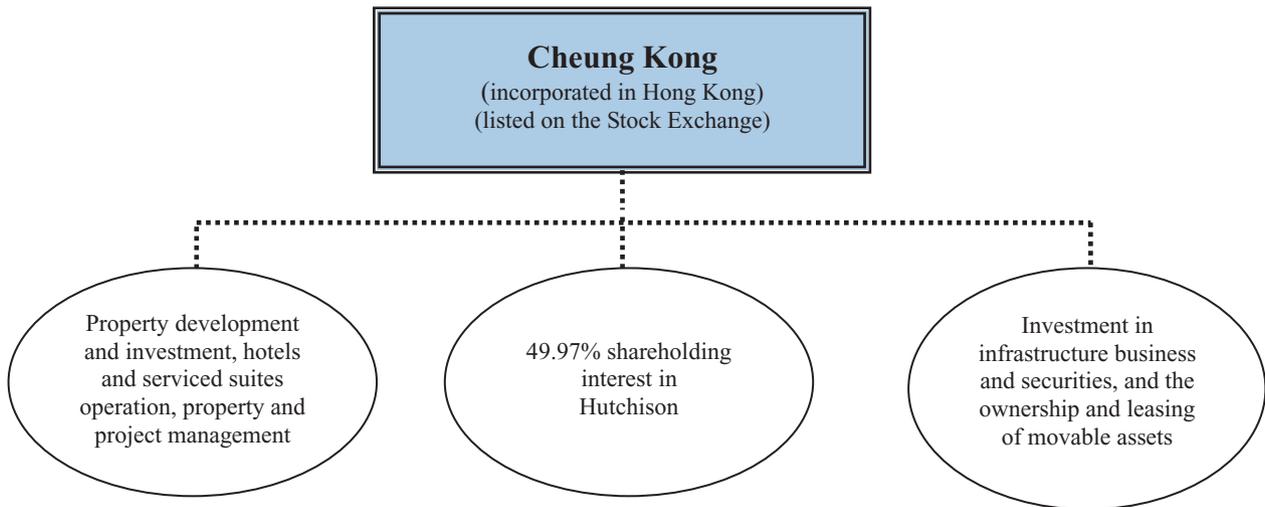
*The directors of the Hutchison Proposal Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Hutchison Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge,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

## APPENDIX A

### **Simplified structure of the Cheung Kong Group before and immediately following completion of the Cheung Kong Reorganisation Proposal**

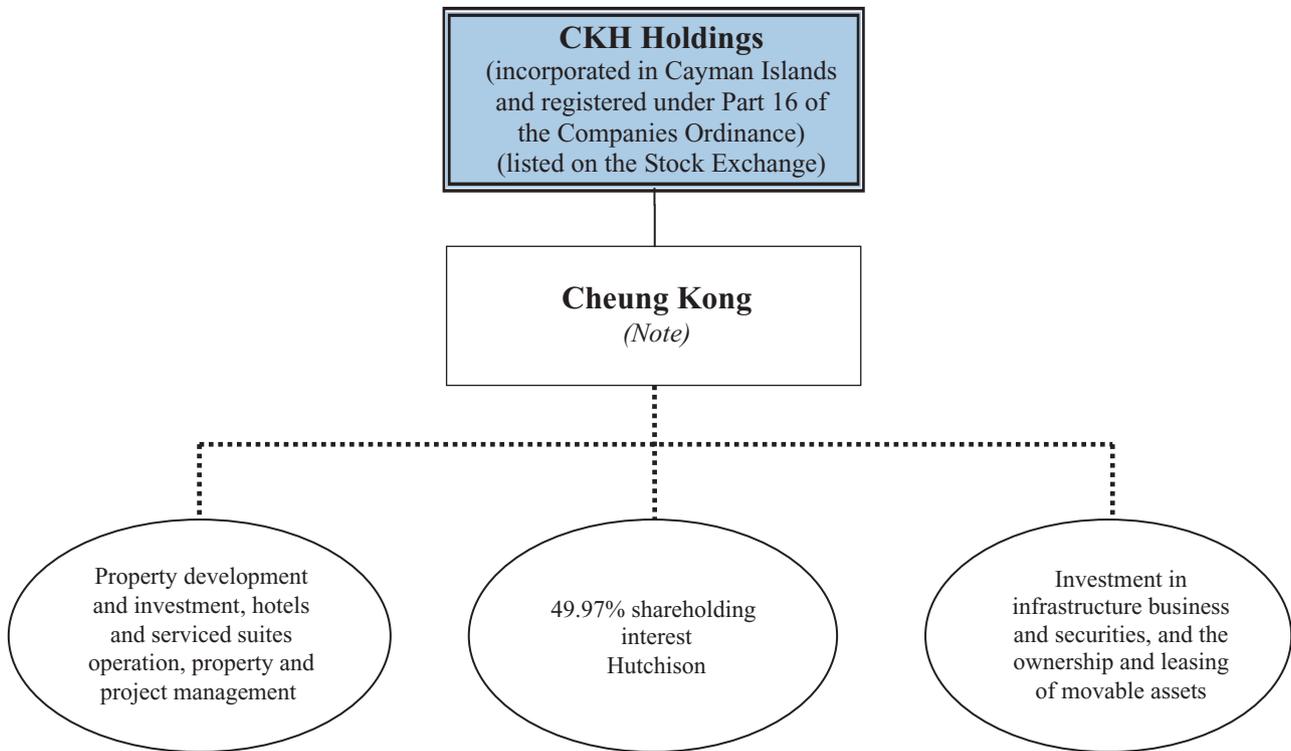
Set out below are the simplified structures of the Cheung Kong Group (a) as at the date of this announcement and as it is expected to be immediately before completion of the Cheung Kong Reorganisation Proposal, and (b) as anticipated immediately following completion of the Cheung Kong Reorganisation Proposal, respectively.

#### **(a) As at the date of this announcement, and as it is expected to be immediately before completion of the Cheung Kong Reorganisation Proposal**



*Note:* The listing status of Cheung Kong on the Main Board will be withdrawn upon the Cheung Kong Scheme becoming effective.

**(b) Immediately following completion of the Cheung Kong Reorganisation Proposal**

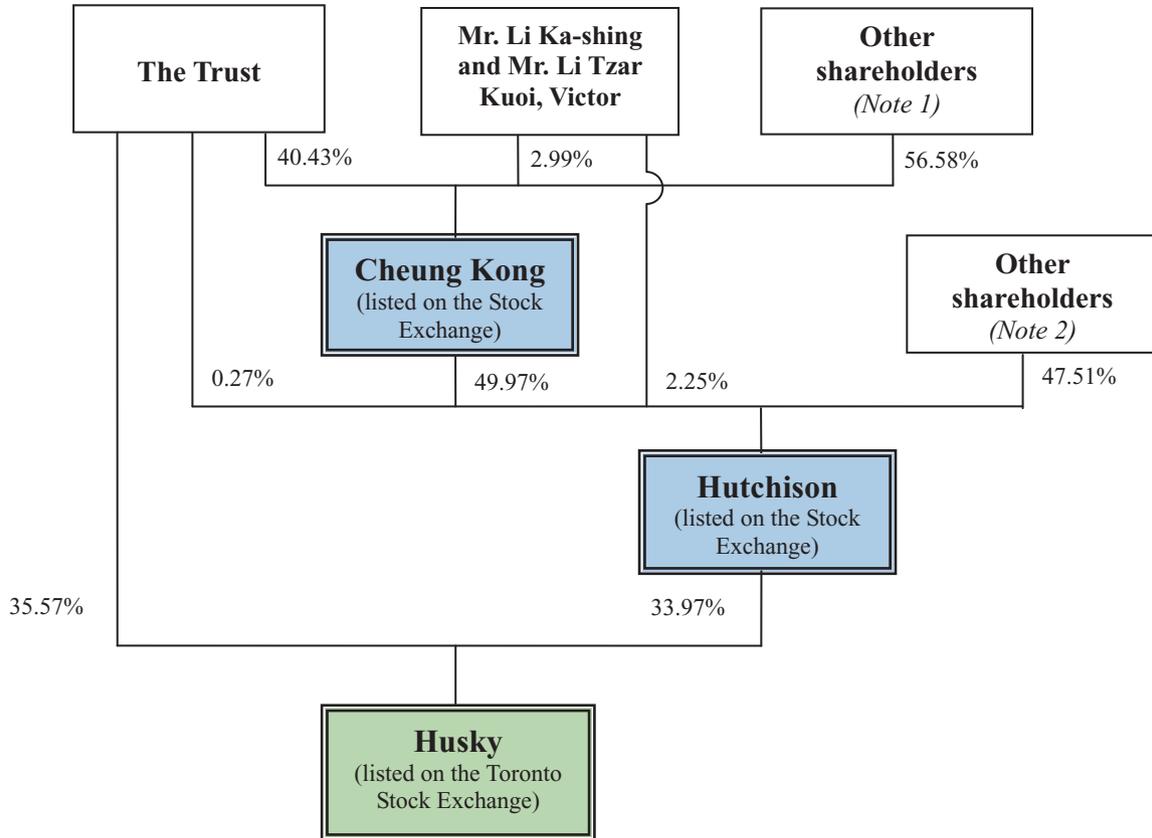


*Note:* The listing status of Cheung Kong on the Main Board will be withdrawn upon the Cheung Kong Scheme becoming effective.

## APPENDIX B

### (a) Simplified group structure as at the date of this announcement

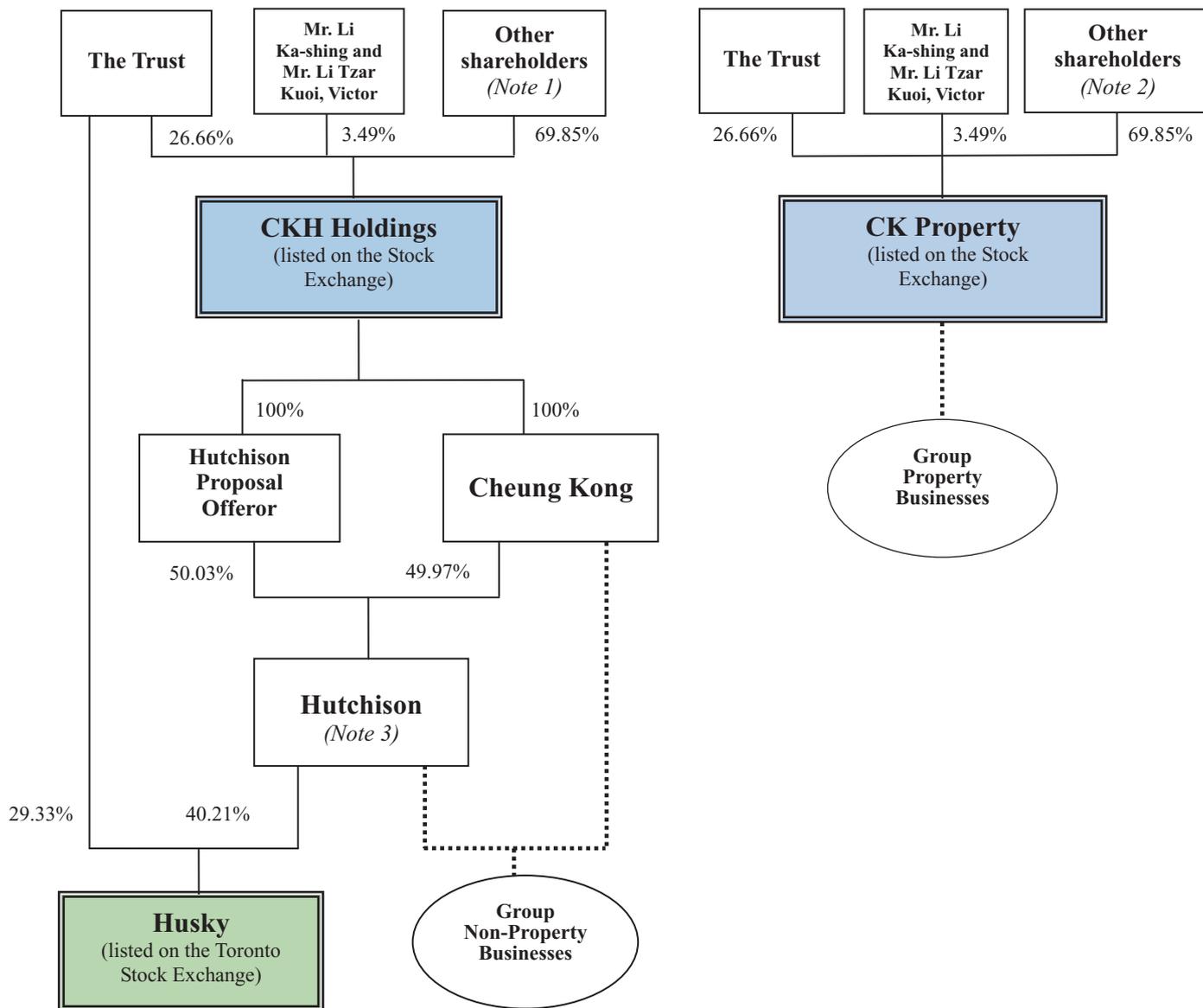
As at the date of this announcement, the simplified group structure of Cheung Kong, Hutchison and Husky is as follows:



- Notes:
1. The other shareholders of Cheung Kong include certain core connected persons of Cheung Kong (including, among others, certain Cheung Kong Directors (other than Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor)), who are not regarded as public shareholders of Cheung Kong under the Listing Rules.
  2. The other shareholders of Hutchison include certain core connected persons of Hutchison (including, among others, certain Hutchison Directors (other than Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor)), who are not regarded as public shareholders of Hutchison under the Listing Rules.

**(b) Simplified group structure of CKH Holdings, CK Property and Husky immediately following completion of the Spin-off Proposal**

Following (i) completion of the Cheung Kong Reorganisation Proposal and the Merger Proposal, and (ii) implementation of the Property Business Combination, the Group Property Businesses of each of Cheung Kong and Hutchison will be held under the CK Property Group. The expected simplified group structure of CKH Holdings, CK Property and Husky immediately following completion of the Spin-off Proposal is as follows:



*Notes:*

1. The other shareholders of CKH Holdings are expected to include certain core connected persons of CKH Holdings (including, among others, certain CKH Holdings Directors (other than Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor)), who are not regarded as public shareholders of CKH Holdings under the Listing Rules.
2. The other shareholders of CK Property are expected to include certain core connected persons of CK Property (including, among others, certain directors of CK Property (other than Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor)), who are not regarded as public shareholders of CK Property under the Listing Rules.
3. The listing status of Hutchison on the Main Board will be withdrawn upon the Hutchison Scheme becoming effective.

## APPENDIX C



stock code: 1



stock code: 13

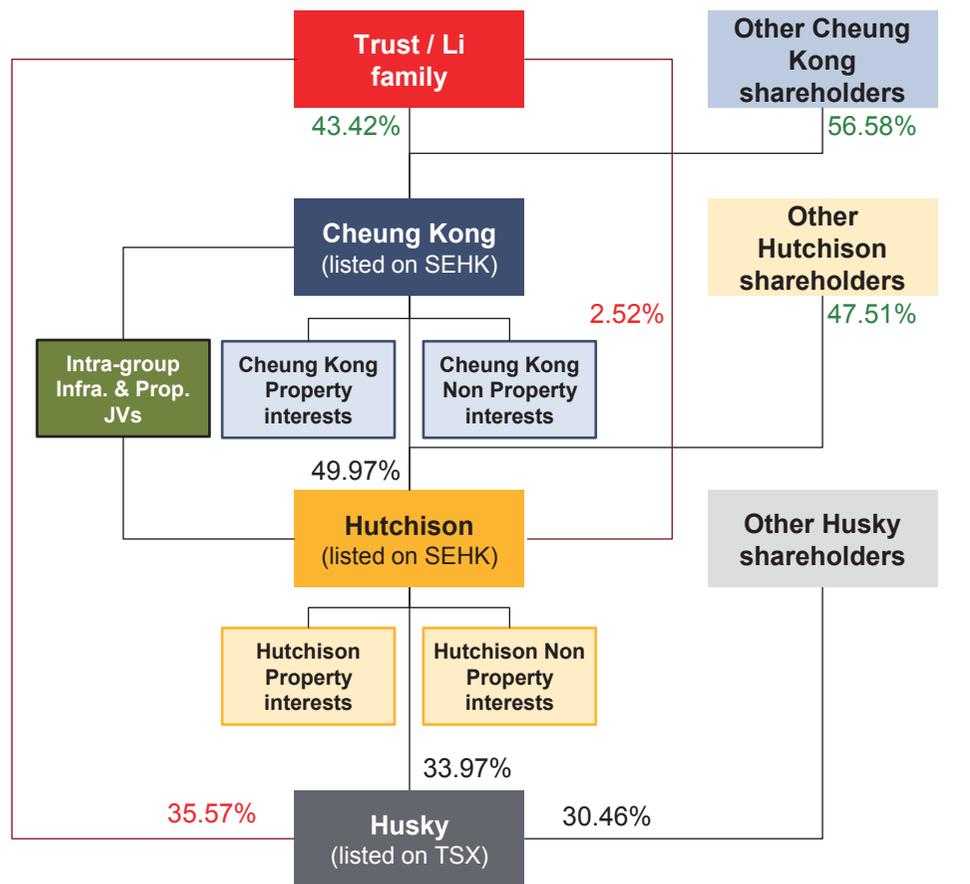
# Investor presentation

9 January 2015

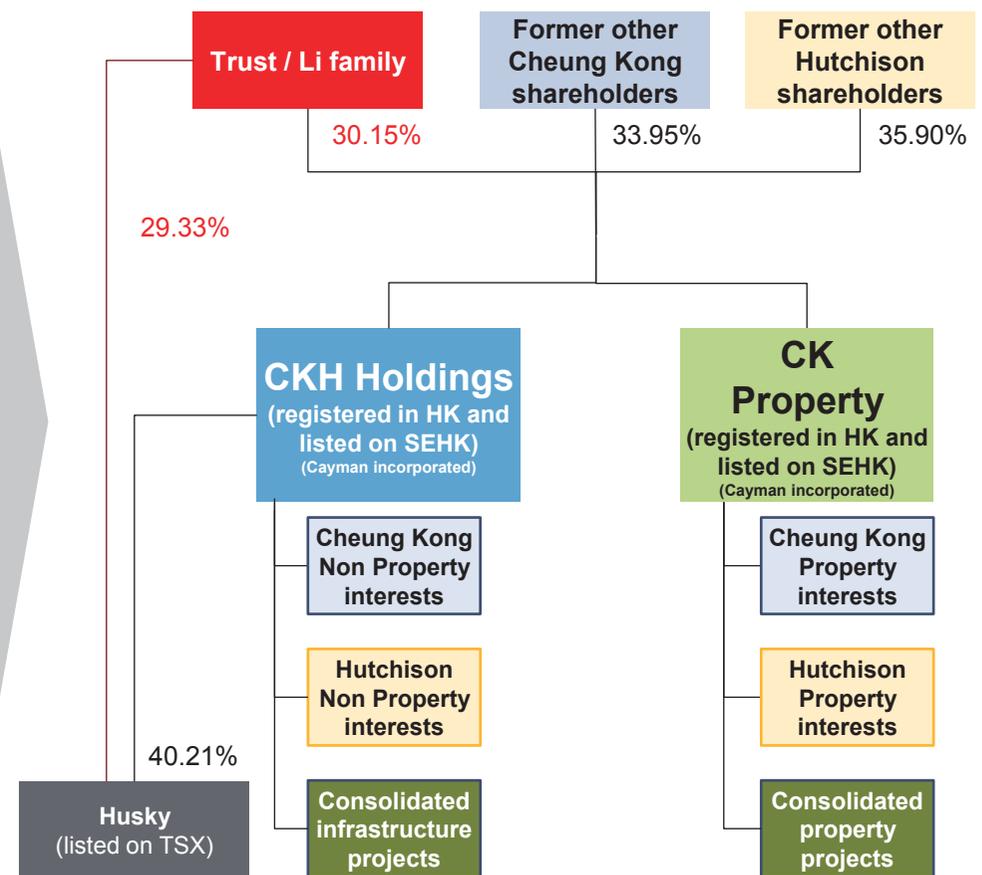
This presentation is for information purposes only and is not an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction. This presentation is a brief summary of the proposals outlined in further detail in the joint announcement of Cheung Kong and Hutchison dated 9 January 2015 (the "joint announcement"). The joint announcement contains important information about the proposals and shareholders and investors of Cheung Kong and Hutchison are advised to read the joint announcement in its entirety. The joint announcement is available on the Hong Kong Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk) and on each of Cheung Kong's and Hutchison's websites. This presentation uses the same terms as defined in the joint announcement.

# Transaction overview

## Pre-transaction



## Post-transaction<sup>(1)</sup>



Both Cheung Kong and Hutchison hold their own portfolio of property and infrastructure assets, along with other businesses

Shareholders will receive shares in two new leading Hong Kong-listed companies:

1. CKH Holdings – will hold all non-property businesses of both Groups; and
2. CK Property – will hold the property businesses of both Groups

Notes: Totals may not add due to rounding

(1) Calculated based on the average closing price of Cheung Kong and Hutchison shares for the five trading days up to and including 7 January 2015 and the average closing price of Husky for the five trading days up to and including 6 January 2015

# Summary of deal terms

	Other Cheung Kong shareholders	Other Hutchison shareholders	Trust / Li family
<b>Step 1 The Cheung Kong Reorganisation Proposal</b>			
<b>Cheung Kong Reorganisation Proposal</b>	1 CKH Holdings share in exchange for each existing Cheung Kong share	N/A	1 CKH Holdings share in exchange for each existing Cheung Kong share
<b>Step 2 The Merger Proposal and Spin-off Proposal</b>			
<b>Husky Share Exchange (purchase of Trust's 6.24% Husky stake)</b>	N/A	N/A	1.376 new CKH Holdings shares in exchange for each existing Husky share to be acquired, based on the average closing price for the five trading days <sup>(1)</sup> with no premium
<b>Hutchison Proposal (scheme of arrangement of Hutchison)</b>	N/A	0.684 new CKH Holdings share in exchange for each existing Hutchison share, based on the average closing price for the five trading days <sup>(2)</sup> with no premium	
<b>Spin-off Proposal (Spin-off and listing of CK Property)</b>	1 CK Property share for each existing CKH Holdings share <sup>(3)</sup>		

1. The Merger Proposal and the Spin-off Proposal are structured as one package (“all or nothing”)
2. Subject to the obtaining of all required approvals and fulfilment of all conditions precedent, it is expected that all the proposed transactions will be completed around the end of the first half of 2015

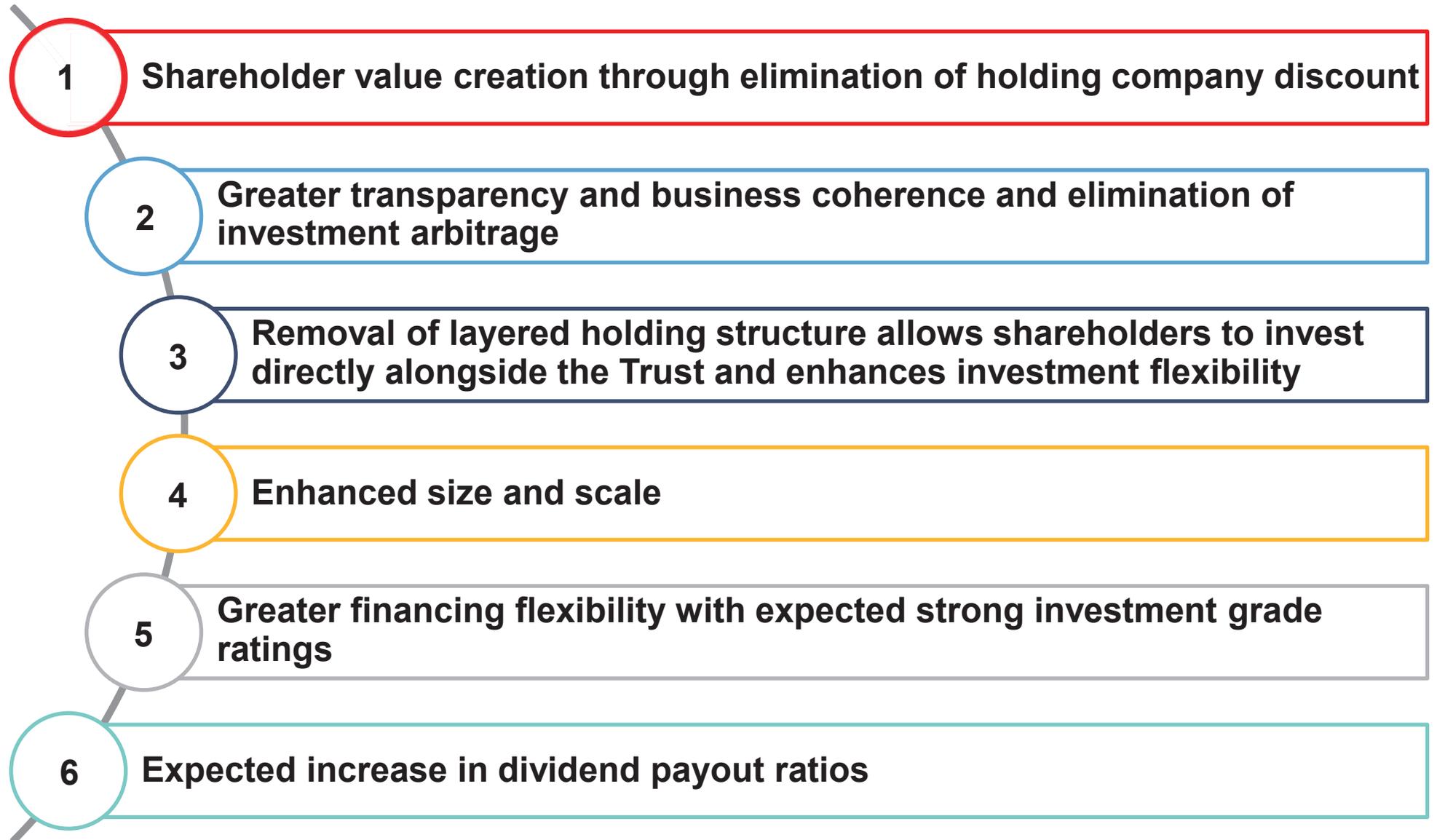
**Notes:**

(1) Based on the average closing price for the five trading days of Cheung Kong shares up to and including 7 January 2015 of HK\$129.06 and the average closing price for the five trading days of Husky shares up to and including 6 January 2015 of CAD27.01, and an exchange rate of HK\$6.5782 per CAD

(2) Based on the average closing price for the five trading days of Cheung Kong and Hutchison shares up to and including 7 January 2015 of HK\$129.06 and HK\$88.28, respectively

(3) Both existing CKH Holdings shareholders as well as new shareholders who received CKH Holdings shares through the Husky Share Exchange and the Hutchison Proposal are entitled to receive CK Property shares on a one-for-one basis

## Strategic benefits to all stakeholders



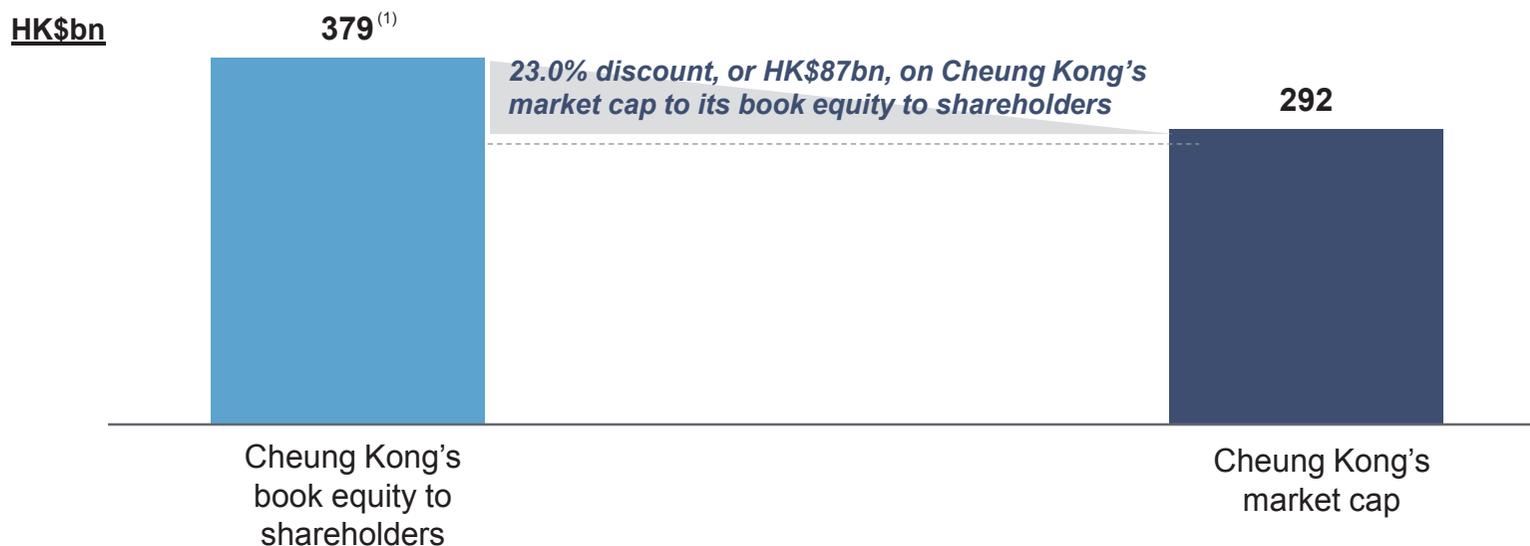
1

# Shareholder value creation through the elimination of the holding company discount of Cheung Kong's stake in Hutchison

- Eliminates tiered holding structure on Cheung Kong's 49.97% stake in Hutchison as no Hutchison shares will be held indirectly
- Value creation shared by Cheung Kong and Hutchison shareholders

## Value creation

- Cheung Kong's market capitalisation is at a 23.0% discount to, or HK\$87bn less than, its book equity to shareholders, which includes its 49.97% stake in Hutchison
- A part of this is attributable to the holding company discount on Cheung Kong's stake in Hutchison, which could be eliminated through the proposed transactions as shareholders will hold the two company shares directly



Notes:

Market cap as at 7 January 2015

(1) Book value of equity to shareholders of Cheung Kong as at 30 June 2014

# 2

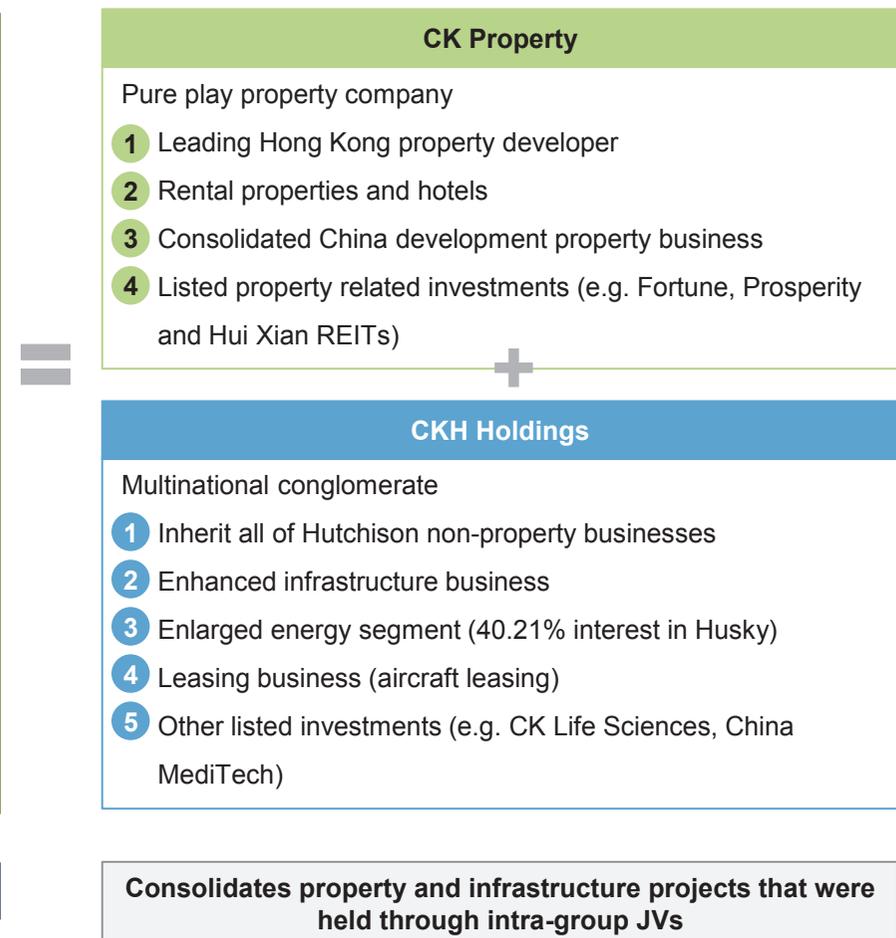
## Greater transparency and business coherence and elimination of investment arbitrage

- **Clear delineation between CKH Holdings (non-property businesses) and CK Property (a property play)**
- **Clear valuation approach of CKH Holdings (earnings based) and CK Property (net asset value) to potentially enhance value in the future**
- **Aligns CKH Holdings and CK Property with their respective investor bases and eliminate the investment arbitrage that originates from valuation mismatch between Cheung Kong and Hutchison**

### Pre-transaction



### Post-transaction



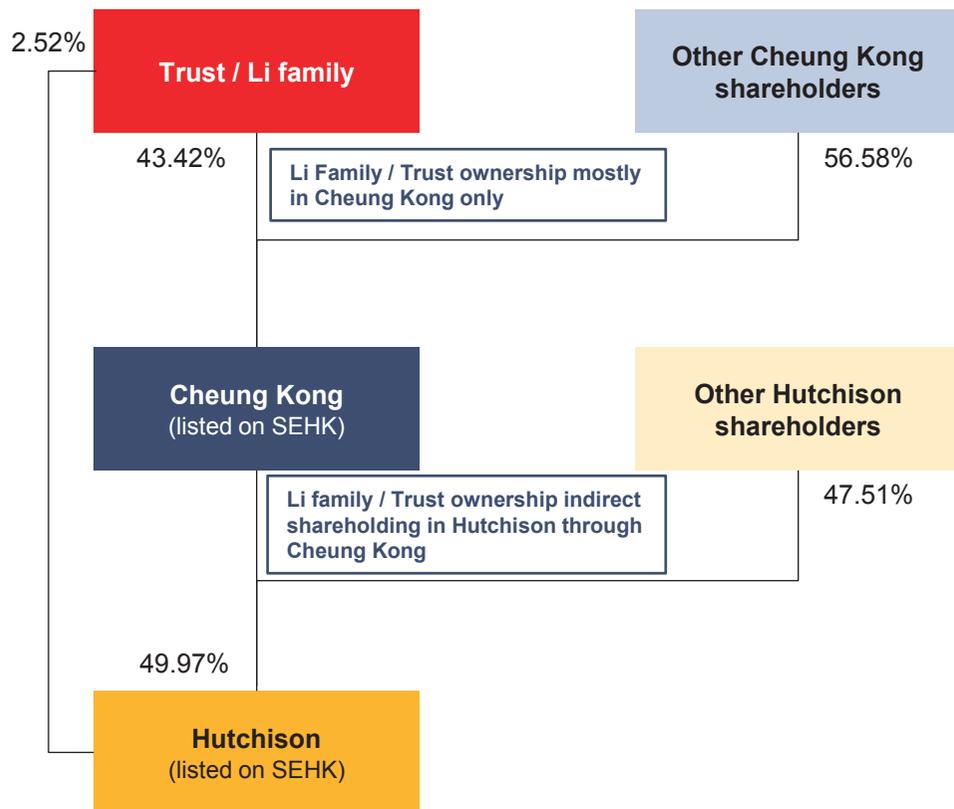
Notes:  
 (1) Hutchison holds 78.16% stake in CKI as at 7 January 2015, hence interested in certain JVs with Cheung Kong  
 (2) Based on the Husky Share Exchange exchange ratio as shown on page 3

3

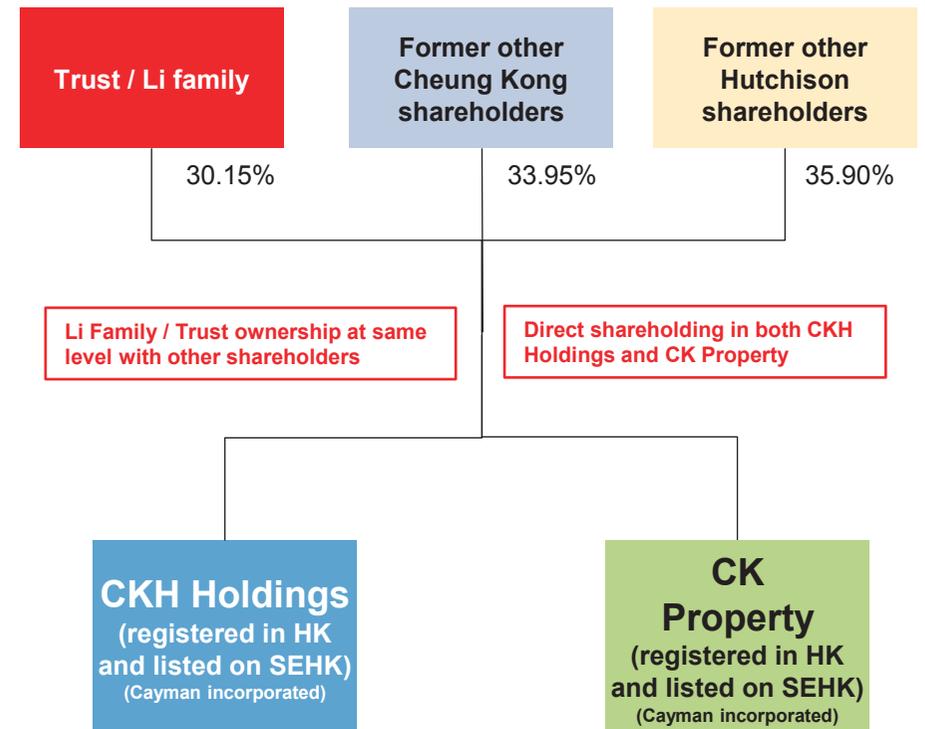
Removal of layered holding structure: (a) allows shareholders to invest directly alongside the Trust and (b) enhances investment flexibility

- (a) **Allows shareholders to invest directly in two separate listed vehicles alongside the Trust**
  - Trust will be the controlling shareholder of each of CKH Holdings and CK Property
  - The Li family will continue to chair and lead the management of both companies
- (b) **Shareholders will have greater flexibility and the choice to adjust their shareholding in CKH Holdings or CK Property according to individual investment objectives and preferences**

Pre-transaction



Post-transaction<sup>(1)</sup>



Note:  
 (1) Based on Husky Share Exchange and Hutchison Proposal exchange ratios as show on page 3

## 4

# Enhanced size and scale CK Property

- CK Property will be one of the largest property companies listed in Hong Kong with leading market share in HK, strong penetration in China, as well as international presence
- Diverse mix of development properties, rental properties and hotels

		Revenue <sup>(1)</sup> (HK\$bn)		GFA <sup>(2)(3)</sup> (sqft)		CK Property	
Rental properties		c.2.0	c.4.2	c.4m	c.13m	c.17m	<b>2<sup>nd</sup></b> largest HK rental property portfolio amongst HK property peers <sup>(6)</sup>
Development properties		Revenue <sup>(1)</sup> (HK\$bn)		Landbank <sup>(2)(4)</sup> (sqft)			
HK				c.8m		c.8m	<b>Top</b> HK / PRC property developer with increasing Chinese operations
Mainland				c.80m	c.77m	c.158m	
Others				c.3m	c.2m	c.5m	
TOTAL		c.27.6	c.15.2	c.91m	c.79m	c.170m	
Hotels		Revenue <sup>(1)</sup> (HK\$bn)		Hotel rooms <sup>(2)(5)</sup> (no.)			<b>No.1</b> listed hotel owner-operator in Hong Kong <sup>(7)</sup>
HK				c.8,710	c.3,440	c.12,150	
Outside HK				c.650	c.1,880	c.2,530	
TOTAL		c.2.4	c.3.0	c.9,360	c.5,320	c.14,680	<div style="display: flex; justify-content: space-around;"> <div style="width: 15px; height: 15px; background-color: #1a3d4d; border: 1px solid black;"></div> Cheung Kong's contribution           <div style="width: 15px; height: 15px; background-color: #f1c232; border: 1px solid black;"></div> Hutchison's contribution         </div>

Notes: Totals may not add due to rounding

(1) For FY2013

(2) As at 30 November 2014

(3) For rental properties, exclude hotels

(4) For development properties, excludes agricultural land and projects under planning stages

(5) On an attributable basis

(6) In terms of GFA including hotels

(7) In terms of number of rooms

# 4

## Enhanced size and scale CKH Holdings

**CKH Holdings will become a global conglomerate operating in over 50 countries with enhanced scale through (i) the consolidation of infrastructure assets currently co-owned by Cheung Kong and Hutchison and (ii) increased ownership in Husky, becoming the largest shareholder**

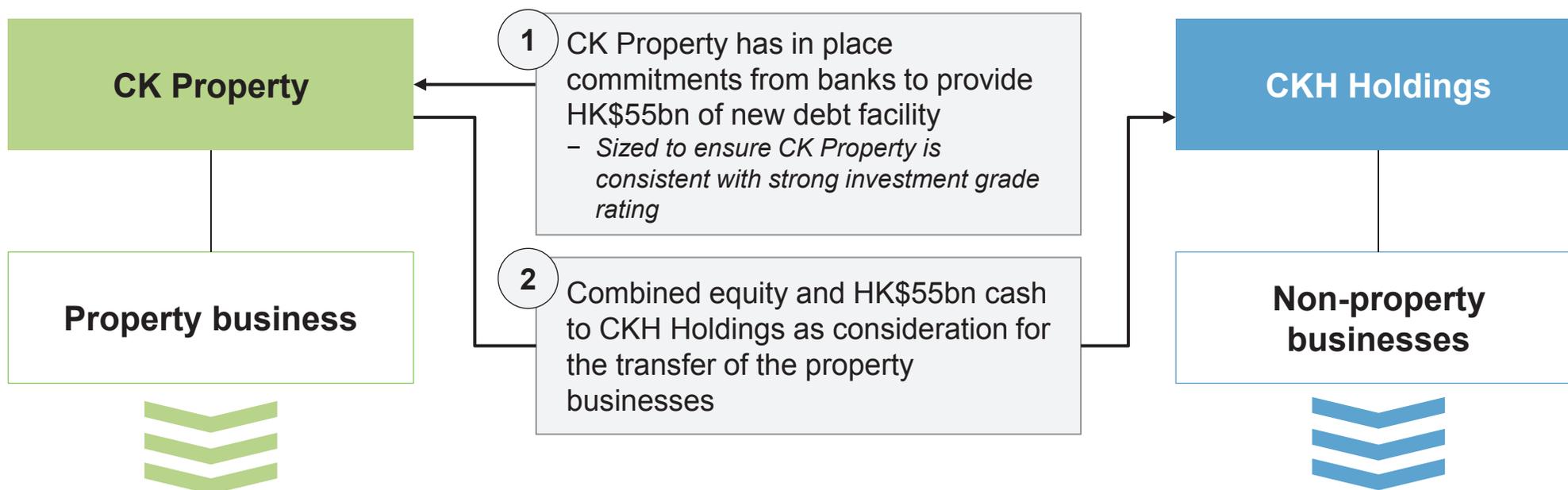
	From Hutchison <sup>(1)</sup>	From transactions	CKH Holdings
Telecom	HK\$296bn		Operates in <b>12</b> countries/ region across Europe and Asia with a c. <b>77m</b> active customer base <sup>(6)</sup>
Ports	HK\$99bn		<b>52</b> ports in <b>26</b> countries <sup>(5)</sup>
Retail	HK\$44bn		Over <b>10,800</b> stores across <b>25</b> markets worldwide <sup>(6)</sup>
Infrastructure	HK\$132bn	Consolidate stakes in 5 JVs with CKI <sup>(2)</sup> + 1. Northumbrian Water    4. AVR 2. Wales & West Utilities    5. Park’N Fly 3. Envestra	<b>Streamline</b> co-owned assets, portfolio spanning across <b>4</b> continents <sup>(5)</sup>
Energy	HK\$52bn	+ Additional <b>6.24%</b> stake in Husky • c.HK\$10bn <sup>(3)</sup>	<b>Largest</b> shareholder in one of the biggest integrated Canadian energy producers <sup>(5)</sup>
Leasing		+ Leasing • Recently acquired Aircraft Leasing business for c.HK\$20bn <sup>(4)</sup>	<b>60</b> aircraft acquired, providing long term stable income <sup>(4)</sup>
Property	HK\$95bn	- Spun-off in the Spin-off Proposal	

Notes:  
 1. Total assets as at 30 June 2014  
 2. See page 11 for further details  
 3. Calculated as Husky’s market capitalisation as at 6 January 2015 of c.CAD25bn \* the exchange rate as at 6 January 2015 of HK\$6.5782 per CAD \* 6.24%  
 4. Announced on 4 Nov 2014: Consideration of c.USD1.89bn acquisition of up to 45 aircrafts and c.USD0.73bn acquisition of up to 15 aircrafts through a 60-40 venture with MCAP  
 5. As at 31 December 2013  
 6. As of 30 June 2014

## 5

## Greater financing flexibility with expected strong investment grade ratings

- Both CKH Holdings and CK Property are expected to obtain and maintain strong investment grade ratings consistent with Hutchison's current investment grade ratings, subject to rating agencies' confirmations
- Not expected to have adverse effect on Cheung Kong or Hutchison creditors as CKH Holdings will either prepay or guarantee existing Cheung Kong Group and Hutchison Group indebtedness guaranteed by Cheung Kong or Hutchison



- New entity with a clean capital structure in place
- Separate fundraising platform as a pure property play

- Larger non-property asset base as compared to Hutchison
- Enhanced liquidity with HK\$55bn of cash from CK Property

**Note:**  
The proposals will result in certain financial creditors being entitled to require the repayment or mandatory pre-payment of certain indebtedness of the Cheung Kong Group and the Hutchison Group. The relevant companies have available sufficient resources to effect any such repayment or pre-payment. The proposals are not therefore expected to have any adverse effect on the Cheung Kong Group, the Hutchison Group or their respective creditors.

## 5

# Greater financing flexibility with strong investment grade ratings (cont'd)

- CKH Holdings' credit and cashflow profile remain strong after consolidating five infrastructure assets and increasing its shareholding in Husky

	Infrastructure					Energy
	 NORTHUMBRIAN WATER	 WALES & WEST UTILITIES	 Envestra	 PARK'N FLY	 AVR energy inside.	 Husky Energy
<b>Business description</b>	Water and sewerage services in UK	Gas distribution networks in UK	One of the largest natural gas distribution in Australia	Largest off-airport car park company in Canada	Largest energy-from-waste company in Netherlands	One of the largest integrated energy company in Canada
<b>Size indicator</b>	Total assets: HK\$50.5bn <sup>(1)</sup> (31 Mar 2014)	Total assets: HK\$18.1bn <sup>(1)</sup> (31 Mar 2014)	Total assets: HK\$24.7bn <sup>(1)</sup> (30 Jun 2014)	Acquisition consideration: HK\$2.5bn	Acquisition enterprise value: HK\$9.7bn	Total assets: HK\$271.7bn <sup>(1)</sup> (30 Sep 2014)
<b>Before transaction %</b>						
Cheung Kong	40.00%	30.00%	27.51%	50.00%	35.00%	-
CKI effective <sup>(2)</sup>	40.00%	41.66%	55.66%	50.00%	42.77%	-
Hutchison effective <sup>(3)</sup>	31.26%	32.56%	43.50%	39.08%	33.43%	33.97%
<b>Post transaction %</b>						
CKH Holdings effective <sup>(4)</sup>	71.26%	62.56%	71.01%	89.08%	68.43%	40.21%
<b>Transaction effect</b>	Consolidation	Consolidation	Consolidation	Consolidation	Consolidation	Increased dividend contribution due to increased shareholding
<b>Credit rating</b>						
Moody's	Baa1/ Stable	Baa1/ Neg.	A2/ Stable	Not rated	Not rated	Baa2/ Stable
S&P	BBB+/ Stable	Not rated	BBB/ Stable	Not rated	Not rated	BBB+/ Stable

Note: Totals may not add due to rounding

(1) Exchange rate: 1GBP = 12.9052 HK\$ (as at 31 Mar 2014), 1AUD = 7.3010HK\$ (as at 30 June 2014), 1CAD = 6.9572HK\$ (as at 30 Sep 2014)

(2) CKI effective = CKI's direct shareholding + CKI's indirect interest through its 38.87% stake in Power Assets

(3) Hutchison effective = Hutchison's indirect shareholding through 78.16% stake in CKI

(4) CKH Holdings effective = Cheung Kong's interest + Hutchison's effective interest as a result of the Merger Proposal

## Expected increase in dividend payout ratios

- **FY2014: Second interim dividend in lieu of final dividend based on full year results**
- **FY2015: Expect dividends to be more than FY2014 levels**
- **FY2016 and after: Expected higher dividend payout ratio than in FY2015**

### FY2014 dividend

- Prior to completion of the Merger Proposal, each of Hutchison and Cheung Kong (or, if the the Cheung Kong Reorganisation Proposal has become effective, Hutchison and CKH Holdings) will declare a second interim dividend in lieu of a fiscal year 2014 final dividend based on their respective full year 2014 results

### FY2015 dividend <sup>(1)</sup>

- For fiscal year 2015, if the Merger Proposal and the Spin-off Proposal have become effective, an interim dividend will be declared by CKH Holdings and CK Property at the time of the announcement of their respective interim results and will take account of results of the respective businesses of CKH Holdings and CK Property from 1 January 2015
- Subject to business results for fiscal year 2015, assuming an existing Cheung Kong or Hutchison shareholder continues to hold both the CKH Holdings and CK Property shares received through the Proposals, it is expected that the combined per share dividend CKH Holdings and CK Property will pay in respect of fiscal year 2015 on those shares will be more than the total dividend per Cheung Kong or Hutchison share, as the case may be, paid in respect of fiscal year 2014, excluding any special dividends paid in that year

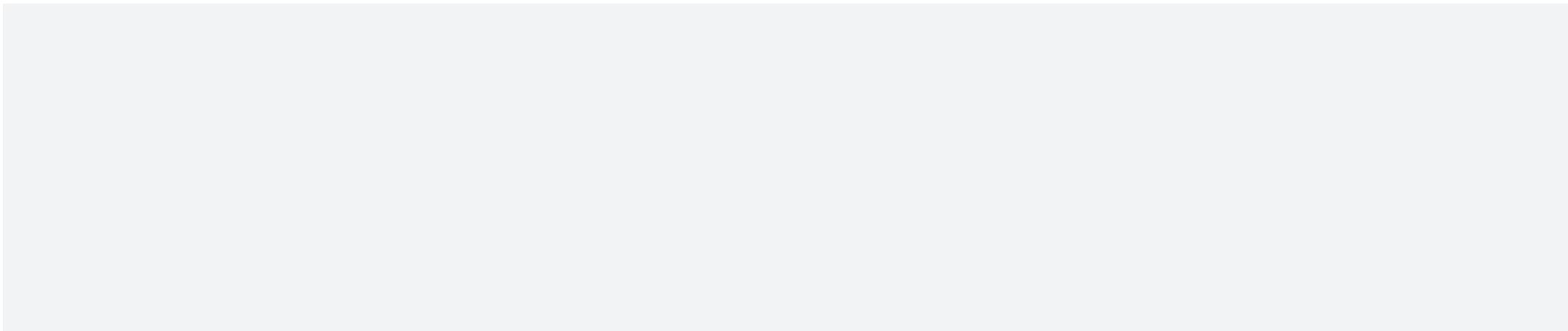
### FY2016 and after <sup>(1)</sup>

- Going forward from fiscal year 2016, each of CKH Holdings and CK Property will adopt a dividend policy that is consistent with its business profile
- Subject to business conditions and maintenance of CKH Holdings' and CK Property's strong investment grade ratings, such dividend policy is expected to result in a higher dividend payout ratio than that established in fiscal year 2015

Note:

- (1) Assuming existing Cheung Kong and Hutchison shareholders continue to hold both CKH Holdings and CK Property shares after the completion of the Merger Proposal and Spin-off Proposal

# Appendix



# Proposed Management teams of CKH Holdings and CK Property

- **CKH Holdings and CK Property to be led by existing executives of Cheung Kong and Hutchison**
- **No overlap of non-executive directors or independent non-executive directors between CKH Holdings and CK Property**

## CKH Holdings

- **Mr. Li Ka-shing (Chairman)**
- **Mr. Victor Li (Deputy Chairman and Co-Managing Director)**
- **Mr. Canning Fok (Co-Managing Director)**
- **Mrs. Susan Chow**
- **Mr. Edmond Ip**
- **Mr. H.L. Kam**
- **Mr. Dominic Lai**
- **Mr. Frank Sixt**

## CK Property

- **Mr. Li Ka-shing (Chairman)**
- **Mr. Victor Li (Deputy Chairman and Managing Director)**
- **Mr. H.L. Kam (Deputy Managing Director)**
- **Mr. Edmond Ip (Deputy Managing Director)**
- **Mr. Davy Chung**
- **Mr. Justin Chiu**
- **Mr. Raymond Chow**
- **Ms. Ezra Pau**
- **Ms. Grace Woo**

# Cheung Kong and Hutchison financial figures

Based on FY2013 financials, in HK\$ bn

	Cheung Kong	Hutchison
<b>Current market cap (as at 7 January 2015 closing)</b>	291.6	372.0
<b>Income statement</b>		
<b>Revenue</b>	17.0	256.2
<b>EBIT</b>	11.1 <sup>(1)</sup>	64.6 <sup>(3)</sup>
<b>EBITDA</b>	11.4 <sup>(2)</sup>	95.6 <sup>(3)</sup>
<b>Profit attributable to shareholders</b>	35.3 (15.5 from Hutchison)	31.1
<b>Balance sheet</b>		
<b>Cash &amp; cash equivalent and liquid funds</b>	43.9 <sup>(4)</sup>	102.8 <sup>(5)</sup>
<b>Total debt</b>	41.9	223.8 <sup>(6)</sup>
<b>Net debt / (cash)</b>	(2.0)	121.0 <sup>(6)</sup>
<b>Total asset</b>	428.8	815.5
<b>Total equity <sup>(7)</sup></b>	372.8	476.2

Notes: Totals may not add due to rounding

- (1) As disclosed in Cheung Kong's 2013 annual report: Group turnover of HK\$17.0bn, plus investment and other income of HK\$4.5bn, less operating costs of HK\$10.7bn and add back interest costs of HK\$0.4bn equals HK\$11.1bn
- (2) HK\$11.1bn as calculated in footnote (1) and add back depreciation of HK\$0.3bn as disclosed in Cheung Kong's 2013 annual report equals HK\$11.4bn
- (3) As disclosed in Hutchison's 2013 annual report: EBITDA and EBIT include the Group's proportionate share of associated companies' and joint ventures' respective items and adjusted to exclude the non-controlling interests' share of results of HPH Trust
- (4) As disclosed in Cheung Kong's 2013 annual report: Bank balances and deposits of HK\$33.2bn, plus investments held for trading of HK\$1.4bn and plus investments available for sale of HK\$9.3bn
- (5) As disclosed in Hutchison's 2013 annual report: Cash and cash equivalents of HK\$85.7bn, plus liquid funds and other listed investments of HK\$17.1bn
- (6) As disclosed in Hutchison's 2013 annual report to exclude interest bearing loans from non-controlling shareholders
- (7) Includes perpetual securities and non-controlling interests

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