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CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)



長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1)



CK Infrastructure Holdings Limited
長江基建集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

JOINT ANNOUNCEMENT RELATING TO AN INVESTMENT BY KKR IN NORTHUMBRIAN WATER

CONNECTED TRANSACTIONS

The CKA Board, the CKI Board and the CKHH Board jointly announce that on 14 July 2022, CKA Sub (an indirect wholly-owned subsidiary of CKA), CKI Sub (an indirect wholly-owned subsidiary of CKI), Brockhill and the Purchaser entered into the Share Purchase Agreement in relation to the KKR Investment.

Pursuant to the KKR Investment, the Purchaser will acquire from each Seller, on a several basis, such Seller's pro rata share of the Investment Shares which together represent respectively 25% of the fully diluted issued share capital of NWG and 25% of the fully diluted issued share capital of NSL.

As at the date of this announcement, the issued share capital of each of NWG and NSL is owned as to 20%, 40% and 40% by CKA Sub, CKI Sub and Brockhill.

Upon the completion of the KKR Investment, the issued share capital of each of NWG and NSL will be owned as to 15%, 30%, 30% and 25% by CKA Sub, CKI Sub, Brockhill and the Purchaser, respectively. In respect of the 30% of the issued share capital of each of NWG and NSL which will be owned by Brockhill upon completion of the KKR Investment, pursuant to the Economic Benefits Agreements, the CKA Group, the CKI Group, the PAH Group and the CKHH Group (other than the CKI Group which is part of the CKHH Group) will respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the CKA Group, the CKI Group, the PAH Group and the CKHH Group (other than the CKI Group which is part of the CKHH Group) respectively in NWG and NSL will become 27%, 39%, 6% and 3%.

At Closing, the Sellers and the Purchaser will enter into (i) the NWG Shareholders' Agreement with NWG to govern the rights and obligations of NWG and its shareholders and (ii) the NSL Shareholders' Agreement with NSL to govern the rights and obligations of NSL and its shareholders.

Separate from the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, CKA Sub, CKI Sub and Brockhill have agreed pursuant to a term sheet of the Sellers' Agreement that CKA Sub, CKI Sub and Brockhill shall have the right to nominate up to 20%, 40% and 40% respectively of the CK Directors in each of NWG and NSL.

The implications of the Transaction for each of CKA, CKI and CKHH under the Listing Rules are as follows:

For CKA

CKHH has been deemed by the Stock Exchange to be a connected person of CKA under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Shareholders' Agreements and the Sellers' Agreement constitute connected transactions for CKA under the Listing Rules.

All of the applicable percentage ratios of CKA in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKA Sub are less than 0.1%. All of the applicable percentage ratios of CKA in respect of the entering into of the Share Purchase Agreement by CKA Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CKI

Given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust have been deemed as a group of connected persons by the Stock Exchange, CKA may be regarded as a connected person of CKI under the Listing Rules. Therefore, the entering into of the Shareholders' Agreements and the Sellers' Agreement constitute connected transactions for CKI under Chapter 14A of the Listing Rules.

All of the applicable percentage ratios of CKI in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub are less than 0.1%. All of the applicable percentage ratios of CKI in respect of the entering into of the Share Purchase Agreement by CKI Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CKHH

CKA has been deemed by the Stock Exchange to be a connected person of CKHH under the Listing Rules. Accordingly, the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub, which is an indirect subsidiary of CKHH, with CKA Sub constitute connected transactions for CKHH under Chapter 14A of the Listing Rules.

All of the applicable percentage ratios of CKHH in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub are less than 0.1%. All of the applicable percentage ratios of CKHH in respect of the entering into of the Share Purchase Agreement by CKI Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the KKR Investment is subject to the fulfilment of certain terms and conditions under the Share Purchase Agreement, there remains the possibility that the KKR Investment may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of CKA, CKI and/or CKHH.

1. INTRODUCTION

The CKA Board, the CKI Board and the CKHH Board jointly announce that on 14 July 2022, CKA Sub (an indirect wholly-owned subsidiary of CKA), CKI Sub (an indirect wholly-owned subsidiary of CKI which, in turn, is an indirect non-wholly owned subsidiary of CKHH), Brockhill and the Purchaser entered into the Share Purchase Agreement in relation to the KKR Investment.

2. SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

Date

14 July 2022

Parties

- (i) CKA Sub as a seller;
- (ii) CKI Sub as a seller;
- (iii) Brockhill as a seller; and
- (iv) the Purchaser as the purchaser.

CKA Sub is an indirect wholly-owned subsidiary of CKA. CKI Sub is an indirect wholly-owned subsidiary of CKI. Brockhill is a wholly-owned subsidiary of Business Thrive, the issued shares of which are in turn held by a wholly-owned subsidiary of CKHH. As explained in more detail in the section titled “*Information on Brockhill*” below, neither Business Thrive nor Brockhill is accounted for as a subsidiary of CKHH in the consolidated financial statements of CKHH.

KKR Investment

The Purchaser has agreed to acquire from each Seller, on a several basis, such Seller’s pro rata share of the Investment Shares which together represent respectively 25% of the fully diluted issued share capital of NWG and 25% of the fully diluted issued share capital of NSL.

As at the date of this announcement, the issued share capital of each of NWG and NSL is owned as to 20%, 40% and 40% by CKA Sub, CKI Sub and Brockhill.

Upon the completion of the KKR Investment, the issued share capital of each of NWG and NSL will be owned as to 15%, 30%, 30% and 25% by CKA Sub, CKI Sub, Brockhill and the Purchaser, respectively. In respect of the 30% of the issued share capital of each of NWG and NSL which will be owned by Brockhill upon completion of the KKR Investment, pursuant to the Economic Benefits Agreements, the CKA Group, the CKI Group, the PAH Group and the CKHH Group (other than the CKI Group which is part of the CKHH Group) will respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the CKA Group, the CKI Group, the PAH Group and the CKHH Group (other than the CKI Group which is part of the CKHH Group) respectively in NWG and NSL will become 27%, 39%, 6% and 3%.

Consideration

The Consideration for the Investment Shares shall be an amount in cash equal to the sum of:

- (i) the Base Consideration, being GBP867 million (equivalent to approximately HK\$8,072.8 million); *plus*

- (ii) an amount equal to the interest that would have accrued if interest had been charged at a rate of 5.00% per annum on the Base Consideration for the Interest Period, accruing daily (on a 365 days-count basis); *less*
- (iii) an amount equal to 25% of the Known Leakage Amount (if any); *plus*
- (iv) in the event that Closing occurs on or after 12 January 2023, GBP200,000 (equivalent to approximately HK\$1.9 million).

The Consideration shall be paid severally to each of CKA Sub, CKI Sub and Brockhill as to 20%, 40% and 40% respectively, reflecting their respective interests in the Investment Shares.

On the Closing Date, the Purchaser shall pay each Seller's pro rata portion of the Consideration to such Seller's nominated bank account as the Sellers may specify to the Purchaser.

The Consideration for the KKR Investment was determined based on arm's length negotiations between the Sellers and the Purchaser and after taking into account relevant factors and circumstances including the performance of the business conducted by the NSL Group and the NWG Group and market factors.

Conditions

The sale and purchase of the Investment Shares is conditional upon satisfaction of the following Conditions, or their satisfaction subject only to Closing:

- (i) the UK Financial Conduct Authority giving its approval to any person who would become a controller (as defined in the Financial Services and Markets Act 2000) of NWG or the UK Financial Conduct Authority being treated as having given such approval by reason of the Financial Services and Markets Act 2000 upon completion of the KKR Investment;
- (ii) the consent (or no objection) by the Isle of Man Financial Services Authority to the Purchaser and such other persons becoming controllers of Three Rivers Insurance Company Limited (a member of the NWG Group) upon completion of the KKR Investment; and
- (iii) the approval of the KKR Investment by the Antitrust Authority or expiration of the waiting period under the South Korean Monopoly Regulation and Fair Trade Act, as amended, the Enforcement Decree, and implementing guidelines and standards.

The Conditions may only be waived to the extent all parties have agreed in writing, except that under certain circumstances, the Conditions set out in paragraphs (i) and (ii) above may be waived by the Sellers only, at their sole discretion, in writing.

If either of the Conditions set out in paragraphs (i) or (ii) above is not satisfied or waived on or before 5:00 p.m. (London time) on the Longstop Date, the Sellers may in their sole discretion extend the date for fulfillment of these Conditions (as applicable) to a date being nine months following the Longstop Date.

If any of the Conditions is not satisfied or waived on or before 5:00 p.m. (London time) on the Longstop Date or the extended longstop date (as applicable), the Purchaser or the Sellers (acting jointly) may, in their sole discretion, terminate the Share Purchase Agreement.

Closing

Closing shall take place following the fulfilment (or waiver) of the Conditions in accordance with the terms of the Share Purchase Agreement, provided that if the fulfilment (or waiver) of the Conditions is notified to the parties on or prior to 31 August 2022, Closing shall occur on 30 September 2022, and if the fulfilment (or waiver) of the Conditions is notified to the parties on or following 1 September 2022, Closing shall occur on the later of the twentieth business day following such notification and 11 October 2022.

At Closing, each of the Sellers and the Purchaser shall comply with their respective closing obligations under the Share Purchase Agreement, including the delivery by the Sellers and the Purchaser to each other of various closing deliverables, the execution of the Shareholders' Agreements, and the payment of the Consideration for the KKR Investment by the Purchaser to the Sellers.

Warranties and Indemnities

Each Seller has provided customary warranties and indemnities in respect of itself, the Investment Shares sold by it and other matters concerning the NWG Group and the NSL Group and each Seller shall only have rights and liabilities (including in relation to payment) under or in relation to a breach of the Share Purchase Agreement on a several basis.

3. NWG AND NSL SHAREHOLDERS' AGREEMENTS

At Closing, the Sellers, the Purchaser and NWG on the one hand, and the Sellers, the Purchaser and NSL on the other hand, will respectively enter into the NWG Shareholders' Agreement and the NSL Shareholders' Agreement to govern the rights and obligations of NWG and NSL and their respective shareholders.

The principal terms of the NWG Shareholders' Agreement and the NSL Shareholders' Agreement are as follows:

Board role and composition

Subject to those matters which are shareholder reserved matters and any matters delegated to a committee of, respectively, the NWG Board in accordance with the NWG Shareholders' Agreement and the NSL Board in accordance with the NSL Shareholders' Agreement, the NWG Board and the NSL Board are respectively responsible for the overall direction and management of the NWG Group and the NSL Group.

Pursuant to the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, respectively:

- (i) the Sellers may, acting together, from time to time:
 - (a) as long as the aggregate percentage of ordinary shares in NWG or NSL (as applicable) held by the Sellers and their associated companies (in aggregate) is more than 50%, appoint and/or remove the majority of the NWG Directors on the NWG Board or the NSL Directors on the NSL Board (such NWG Directors or NSL Directors being the "**CK Directors**");
 - (b) in the case of NWG only, in addition to the CK Directors, appoint to and/or remove from the NWG Board one person as a director, whom he/she shall designate as the chairperson of the NWG Board; and

- (c) in addition to the CK Directors, appoint to and/or remove from the NWG Board or the NSL Board (as applicable) such other directors as they shall determine, including the NWL CEO and independent directors (as applicable); and
- (ii) the Purchaser (or another Co-Investor) may, from time to time:
 - (a) in the case of NWG only, as long as the aggregate percentage of ordinary shares in NWG held by the Purchaser (or such Co-Investor) and its associated companies is 20% or more, appoint and/or remove two NWG Directors on the NWG Board; and
 - (b) as long as the aggregate percentage of ordinary shares in NWG or NSL (as applicable) held by the Purchaser (or such Co-Investor) and its associated companies is 10% or more, appoint and/or remove one NWG Director on the NWG Board or one NSL Director on the NSL Board (as applicable).

If the aggregate percentage of ordinary shares in NWG or NSL (as applicable) held by the Purchaser (or another Co-Investor) and its associated companies falls below 10%, the Purchaser (or such Co-Investor) shall not be entitled to appoint any NWG Directors or NSL Directors (as applicable).

Separate from the NWG Shareholders' Agreement and the NSL Shareholders' Agreement, CKA Sub, CKI Sub and Brockhill have agreed pursuant to a term sheet of the Sellers' Agreement that CKA Sub, CKI Sub and Brockhill shall have the right to nominate up to 20%, 40% and 40% respectively of the CK Directors in each of NWG and NSL.

Shareholder Reserved Matters

There are a number of fundamental shareholder reserved matters, including, among other things, amendments to the NWG Shareholders' Agreement, NWG's constitutional documents, the NSL Shareholders' Agreement or NSL's constitutional documents. The NWG Group and the NSL Group shall not take any of these actions without prior approval by each of the Sellers and, for so long as the aggregate percentage of ordinary shares in NWG or NSL (as applicable) held by a shareholder of NWG or NSL and its associated companies is 10% or more, such other shareholder.

In addition, there are a number of general shareholder reserved matters, including, among other things, any material change to the nature or scope of the core business or engagement by NWG or the NWG Group, or NSL or the NSL Group, in activities outside the core business and any other business currently conducted by the NWG Group or the NSL Group which is material to the NWG Group or the NSL Group (as applicable) as a whole. The NWG Group and the NSL Group shall not take any of these actions without prior approval by each of the Sellers and, for so long as the aggregate percentage of ordinary shares in NWG or NSL (as applicable) held by a shareholder of NWG or NSL and its associated companies is 22.5% or more, such other shareholder.

Pre-emption rights

Shareholders of NWG and NSL shall be entitled to certain pre-emption rights to subscribe for a pro rata portion of securities to be newly issued by NWG or NSL (as applicable) or any member of the NWG Group or the NSL Group, provided that in respect of the pre-emption rights of the Sellers, each Seller shall be entitled to exercise the pre-emption rights of any other Seller to the extent the other Seller does not exercise its pre-emption rights in whole or in part.

Save for certain exceptions, no shareholder of NWG or NSL (as applicable) may transfer its shares in NWG or NSL to any other person unless the transferee is a member of its group as permitted under the NWG Shareholders' Agreement or the NSL Shareholders' Agreement.

Events of default

In an event of default as defined in the NWG Shareholders' Agreement or the NSL Shareholders' Agreement (as applicable), all of the shares in NWG or NSL held by the defaulting shareholder (and its associated companies) shall be offered to the non-defaulting shareholders in their pro rata portion at the fair market value of such shares (other than in the case of a breach of the certain undertakings set out in the NWG Shareholders' Agreement in relation to obligations under the Water Industry Act 1991, where the relevant shares shall be offered at a 10% discount to the fair market value of such shares) to be determined in accordance with the terms of the NWG Shareholders' Agreement or the NSL Shareholders' Agreement. Events of default as defined in the NWG Shareholders' Agreement or the NSL Shareholders' Agreement include, in respect of a shareholder in NWG or NSL, transfers of shares in NWG or NSL in breach of the NWG Shareholders' Agreement or the NSL Shareholders' Agreement, an insolvency event in respect of the relevant shareholder, and a change of control occurring in respect of the relevant shareholder.

4. INFORMATION ON THE NWG GROUP AND THE NSL GROUP

Information on the NWG Group

The core business of the NWG Group is the provision of water and waste-water services (including the supply of water and collection, treatment and disposal of sewerage and sewage sludge) in England and any activities or functions reasonably related to or ancillary to such water and waste-water services.

According to the audited consolidated financial statements of the NWG Group for the financial years ended 31 March 2020 and 31 March 2021 prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 in the United Kingdom, the audited consolidated net asset value of the NWG Group as at 31 March 2021 was approximately GBP551.1 million (equivalent to approximately HK\$5,131.4 million) and the audited consolidated profit/loss before and after income tax of the NWG Group for the financial years ended 31 March 2020 and 31 March 2021 are set out below:

	Year ended 31 March	
	2020	2021
Profit/loss before taxation	Profit of GBP118.9 million (equivalent to approximately HK\$1,107.1 million)	Loss of GBP28.2 million (equivalent to approximately HK\$262.6 million)
Profit/loss after taxation	Profit of GBP43.8 million (equivalent to approximately HK\$407.8 million)	Loss of GBP46.1 million (equivalent to approximately HK\$429.2 million)

Information on the NSL Group

The core business of the NSL Group is the provision of waste-water services (including the collection, treatment and disposal of sewage and sewage sludge) in Scotland.

According to the audited consolidated financial statements of the NSL Group for the financial years ended 31 March 2020 and 31 March 2021 prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 in the United Kingdom and International Financial Reporting Standards as issued by the International Accounting Standards Board, the audited consolidated net liabilities value of the NSL Group as at 31 March 2021 was approximately GBP10.2 million (equivalent to approximately HK\$95.0 million) and the audited consolidated profit before and after income tax of the NSL Group for the financial years ended 31 March 2020 and 31 March 2021 are set out below:

	Year ended 31 March	
	2020	2021
Profit before taxation	GBP2.0 million (equivalent to approximately HK\$18.6 million)	GBP2.6 million (equivalent to approximately HK\$24.2 million)
Profit after taxation	GBP0.3 million (equivalent to approximately HK\$2.8 million)	GBP2.1 million (equivalent to approximately HK\$19.6 million)

5. FINANCIAL EFFECTS OF THE KKR INVESTMENT AND USE OF PROCEEDS

For CKA

Subject to Closing and based on the information currently available, the CKA Group expects to report a gain of approximately HK\$0.5 billion arising from the Transaction. The actual gain will depend on the final Consideration which is subject to adjustments as explained in the section titled “*Share Purchase Agreement*” above, carrying cost, other relevant expenses including transaction costs, and the actual exchange rate. The net proceeds from the KKR Investment are intended to be used by the CKA Group as general working capital.

For CKI

Based on the information currently available, subject to Closing and taking into account CKI’s 35.96% shareholding interest in PAH, the CKI Group expects to report an effective gain of approximately HK\$0.9 billion arising from the Transaction. The actual gain will depend on the actual exchange rate, carrying cost, final Consideration which is subject to adjustments as explained in the section titled “*Share Purchase Agreement*” above and other relevant expenses including transaction costs. The net proceeds from the KKR Investment are intended to be used by the CKI Group as general working capital.

For CKHH

Subject to Closing and based on the information currently available, the CKHH Group expects to report a gain attributable to ordinary shareholders arising from the Transaction of approximately HK\$1 billion. The gain represents the CKHH Group’s 75.67% share of the CKI Group’s estimated gain arising from the Transaction (after CKHH Group reclassification adjustments) and the CKHH Group’s 10% share of Brockhill’s estimated gain arising from the Transaction relating to the Group’s 10% direct interest in Brockhill. The actual gain will be subject to auditor’s review and depend on the actual exchange rate, Brockhill and CKI’s actual carrying costs and the CKHH Group’s reclassification adjustments relating to CKI’s interests in NWG and NSL, final Consideration (which is subject to adjustments as explained in the section titled “*Share Purchase Agreement*” above) to be receivable by the CKI Group (as part of the CKHH Group) and Brockhill, and other relevant costs and expenses required to be borne by the CKI Group and Brockhill pursuant to the Share Purchase Agreement. CKHH will not receive any net proceed directly from the KKR Investment. As mentioned above the net proceeds receivable by the CKI Group from the KKR Investment are intended to be used by the CKI Group as general working capital.

6. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction allows the Sellers to bring in an experienced infrastructure investor and to realise a portion of their shareholding in NWG and NSL at a reasonable level of capital gain and net proceeds. On the other hand, the CKA Group, the CKI Group and the CKHH Group, together with the PAH Group, will continue to own, in aggregate, 75% economic benefits of NWG and NSL and it is anticipated that the KKR Investment will have minimal impact on the day-to-day management of both NWG and NSL.

For the above reasons, the CKA Directors (including independent non-executive directors of CKA) consider that the terms of the KKR Investment, the Shareholders' Agreements and the Sellers' Agreement are on normal commercial terms, are fair and reasonable and in the interest of CKA and its shareholders as a whole. None of the CKA Directors have any material interest in the connected transactions herein announced except by virtue of being a director and/or shareholder of the other parties involved in the transactions (or their respective group companies) or other parties who have an economic benefits in assets and liabilities of Brockhill, including pursuant to the Economic Benefits Agreements as referred to in the section titled "*Information on Brockhill*" below, and no CKA Directors were required to abstain from voting on the board resolutions of CKA passed in connection with the Transaction.

The CKI Directors (including independent non-executive directors of CKI) consider that the terms of the KKR Investment, the Shareholders' Agreements and the Sellers' Agreement are on normal commercial terms, are fair and reasonable and in the interest of CKI and its shareholders as a whole. None of the CKI Directors have any material interest in the connected transaction herein announced except by virtue of being a director and/or shareholder of the other parties involved in the transactions (or their respective group companies) or other parties who have an economic benefits in assets and liabilities of Brockhill, including pursuant to the Economic Benefits Agreements as referred to in the section titled "*Information on Brockhill*" below, and no CKI Directors were required to abstain from voting on the board resolutions of CKI passed in connection with the Transaction.

The CKHH Directors (including the independent non-executive directors of CKHH), having regard to the views of the CKI Directors expressed above, endorse the reasons of CKI for entering into the Transaction and the benefits which are expected to accrue to CKHH and its subsidiaries (of which CKI forms part) as a result of the Transaction, and consider that the terms of the KKR Investment, the Shareholders' Agreements and the Sellers' Agreement are on normal commercial terms, are fair and reasonable and in the interest of CKHH Group and its shareholders as a whole. None of the CKHH Directors have any material interest in the connected transaction herein announced except by virtue of being a director and/or shareholder of the other parties involved in the transactions (or their respective group companies) or other parties who have an economic benefits in assets and liabilities of Brockhill, including pursuant to the Economic Benefits Agreements as referred to in the section titled "*Information on Brockhill*" below, and no CKHH Directors were required to abstain from voting on the board resolutions of CKHH passed in connection with the Transaction.

7. INFORMATION ON THE CKA GROUP

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

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, the Trust and the Foundation currently directly and/or indirectly hold an aggregate of approximately 46.60% of the issued share capital of CKA.

8. INFORMATION ON THE CKI GROUP

The CKI Group is a global infrastructure company whose principal activities are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

9. INFORMATION ON THE CKHH GROUP

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

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, the Trust and the Foundation currently directly and/or indirectly hold an aggregate of approximately 30.40% of the issued share capital of CKHH.

10. INFORMATION ON BROCKHILL

Brockhill is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Business Thrive, the issued shares of which are in turn held by a wholly-owned subsidiary of CKHH. As disclosed in a joint announcement made by CKHH, CKA, CKI and PAH dated 31 August 2018, pursuant to the Economic Benefits Agreements, economic benefits amounts equal to the indirect economic benefits in relation to certain companies, including NWG and NSL, would be payable by Henley Riches Limited (a wholly-owned subsidiary of CKHH) to Team Ace Enterprises Limited (a wholly-owned subsidiary of CKA), Success Ally Global Limited (a wholly-owned subsidiary of CKI) and Mauve Blossom Limited (a wholly-owned subsidiary of PAH) as to 40%, 30% and 20%, respectively. Subsequently on 29 March 2019 and 31 July 2019, supplemental agreements with respect to the Economic Benefits Agreements were entered into among the relevant parties pursuant to which, inter alia, Team Ace Enterprises Limited, Success Ally Global Limited and Mauve Blossom Limited may exercise voting rights at any general meetings of Business Thrive as to 40%, 30% and 20%, respectively, and may nominate the number of directors on the board of Business Thrive representing the same percentage on such board as their respective voting rights. Following the effective date of such supplemental agreements and as at the date of this announcement, CKHH is not able to exercise, or control the exercise of, more than 50% of the voting power at general meetings of Business Thrive. Accordingly, Business Thrive and its subsidiary, Brockhill, are not accounted for as subsidiaries of CKHH. As CKA, CKI and PAH also are not able to exercise, or control the exercise of, more than 50% of the voting power at general meetings of Business Thrive, those two companies are also not accounted for as subsidiaries of any of CKA, CKI and PAH for the purposes of the Listing Rules.

11. INFORMATION ON THE PURCHASER

The Purchaser, Nimbus UK Bidco Limited, is a newly formed private limited company incorporated under the laws of England and Wales, owned and controlled by affiliates of KKR.

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR established its Global Infrastructure business in 2008 and has since been an active infrastructure investor with a team of approximately 75 dedicated investment professionals. The firm currently oversees approximately US\$40 billion in infrastructure assets globally and has made approximately 65 infrastructure investments across a range of sub-sectors and geographies. KKR's infrastructure platform is devised specifically for long term, capital intensive structural investments, with a focus on the operational improvement of assets that are important to the functioning of regional and local economies.

KKR will be investing in Northumbrian Water (NWG and NSL) through its core infrastructure strategy.

To the best of the knowledge, information and belief of the CKA Board, the CKI Board and the CKHH Board, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of CKA, CKI, CKHH, respectively, and the respective connected persons of CKA, CKI and CKHH under the Listing Rules.

12. IMPLICATIONS UNDER THE LISTING RULES

The implications of the Transaction for each of CKA, CKI and CKHH under the Listing Rules are as follows:

For CKA

CKHH has been deemed by the Stock Exchange to be a connected person of CKA under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Shareholders' Agreements and the Sellers' Agreement constitute connected transactions for CKA under the Listing Rules.

All of the applicable percentage ratios of CKA in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKA Sub are less than 0.1%. All of the applicable percentage ratios of CKA in respect of the entering into of the Share Purchase Agreement by CKA Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CKI

Given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust have been deemed as a group of connected persons by the Stock Exchange, CKA may be regarded as a connected person of CKI under the Listing Rules. Therefore, the entering into of the Shareholders' Agreements and the Sellers' Agreement constitute connected transactions for CKI under Chapter 14A of the Listing Rules.

All of the applicable percentage ratios of CKI in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub are less than 0.1%. All of the applicable percentage ratios of CKI in respect of the entering into of the Share Purchase Agreement by CKI Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For CKHH

CKA has been deemed by the Stock Exchange to be a connected person of CKHH under the Listing Rules. Accordingly, the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub, which is an indirect subsidiary of CKHH, with CKA Sub constitute connected transactions for CKHH under Chapter 14A of the Listing Rules.

All of the applicable percentage ratios of CKHH in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub are less than 0.1%. All of the applicable percentage ratios of CKHH in respect of the entering into of the Share Purchase Agreement by CKI Sub are also less than 5%. Accordingly, the Transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

13. FURTHER INFORMATION

As completion of the KKR Investment is subject to the fulfilment of certain terms and conditions under the Share Purchase Agreement, there remains the possibility that the KKR Investment may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of CKA, CKI and/or CKHH.

14. DEFINITIONS

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

“Antitrust Authority”	the South Korean Fair Trade Commission and any persons or entities empowered to administer the South Korean Monopoly Regulation and Fair Trade Act, as amended, and implementing guidelines and standards
“Base Consideration”	GBP867 million (equivalent to approximately HK\$8,072.8 million), being the consideration of the sale and purchase of the Investment Shares subject to adjustments pursuant to the terms of the Share Purchase Agreement
“Brockhill”	Brockhill Investments Corporation, a company incorporated under the laws of the British Virgin Islands
“Business Thrive”	Business Thrive Limited, a company incorporated under the laws of the British Virgin Islands and the direct holding company of Brockhill
“CK Director(s)”	has the meaning given to it in the section titled “ <i>NWG and NSL Shareholders’ Agreements</i> ” above
“CKA”	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“CKA Board”	the board of CKA Directors
“CKA Director(s)”	the director(s) of CKA
“CKA Group”	CKA and its subsidiaries
“CKA Sub”	Mara Development Inc., an indirect wholly-owned subsidiary of CKA which is incorporated under the laws of the British Virgin Islands
“CKHH”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“CKHH Board”	the board of CKHH Directors

“CKHH Director(s)”	the director(s) of CKHH
“CKHH Group”	CKHH and its subsidiaries
“CKI”	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“CKI Board”	the board of CKI Directors
“CKI Director(s)”	the director(s) of CKI
“CKI Group”	CKI and its subsidiaries
“CKI Sub”	CKI UK Co 5 Limited, an indirect wholly-owned subsidiary of CKI which is incorporated under the laws of England and Wales
“Closing”	the completion of the acquisition of the Investment Shares pursuant to the Share Purchase Agreement
“Closing Date”	the date on which Closing takes place
“Co-Investor”	with respect to the NWG Shareholders’ Agreement, any shareholder of NWG which holds 50% or less of shares of NWG (other than the Sellers or members of their respective group); or with respect to the NSL Shareholders’ Agreement, any shareholder of NSL which holds 50% or less of shares of NSL (other than the Sellers or members of their respective group)
“Condition(s)”	the condition(s) to which Closing is subject to
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Consideration”	the total consideration for the sale and purchase of the Investment Shares
“DT1”	The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1
“DT2”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
“DT3”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3
“DT4”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4

“Economic Benefits Agreements”	the agreements dated 31 August 2018 between Henley Riches Limited (a wholly-owned subsidiary of CKHH) and CKHH on one hand and the relevant subsidiaries of CKA, CKI and PAH on the other hand (as amended and supplemented from time to time), details of which are set out in a joint announcement made by CKHH, CKA, CKI and PAH on 31 August 2018
“Foundation”	LKSF and LKSGF
“GBP”	British pounds, the lawful currency of the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Period”	<ul style="list-style-type: none"> (i) if the Longstop Date is not extended pursuant to the terms of the Share Purchase Agreement, from (and excluding) 31 March 2022 to (and including) the Closing Date; or (ii) if the Longstop Date is extended pursuant to the terms of the Share Purchase Agreement, from (and excluding) 31 March 2022 to (and including) the earlier of: <ul style="list-style-type: none"> a. the date which is nine months following the Longstop Date; and b. the Closing Date.
“Investment Shares”	100 ordinary shares of GBP 0.10 each in NWG, being 25% of the fully diluted ordinary share capital of NWG and 120,316,600 ordinary shares of GBP 0.01 each in NSL, being 25% of the fully diluted ordinary share capital of NSL
“KKR”	Kohlberg Kravis Roberts & Co. L.P.
“KKR Investment”	the acquisition of the Investment Shares by the Purchaser from the Sellers pursuant to the terms and subject to the conditions under the Share Purchase Agreement
“Known Leakage Amount”	the aggregate amount of all such leakage occurring from 31 March 2021 (excluding) up to Closing (including) to the extent known to the Sellers and/or comes to the attention of the Purchaser and is notified by the Purchaser to the Sellers pursuant to the terms of the Share Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LKSF”	Li Ka Shing Foundation Limited, a company incorporated in Hong Kong limited by guarantee, which is a charitable foundation
“LKSGF”	Li Ka Shing (Global) Foundation, a company incorporated in the Cayman Islands limited by guarantee, which is a charitable foundation

“Longstop Date”	the date falling nine months from the date of the Share Purchase Agreement or such other date as the Sellers and the Purchaser may agree in writing
“NSL”	Northumbrian Services Limited, a private limited company incorporated in England and Wales
“NSL Board”	the board of NSL Directors
“NSL Directors”	the director(s) of NSL
“NSL Group”	NSL and its subsidiaries
“NSL Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Sellers, the Purchaser and NSL to take effect from Closing to govern the shareholder relationship in NSL
“NWG”	Northumbrian Water Group Limited, a private limited company incorporated in England and Wales
“NWG Board”	the board of NWG Directors
“NWG Director(s)”	the director(s) of NWG
“NWG Group”	NWG and its subsidiaries
“NWG Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Sellers, the Purchaser and NWG to take effect from Closing to govern the shareholder relationship in NWG
“NWL”	Northumbrian Water Limited, a private limited company incorporated in England and Wales, a subsidiary of NWG
“NWL CEO”	the chief executive officer of NWL
“PAH”	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“PAH Group”	PAH and its subsidiaries
“percentage ratios”	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
“Purchaser”	Nimbus UK Bidco Limited, a company incorporated under the laws of England and Wales
“Seller(s)”	CKA Sub, CKI Sub and Brockhill
“Sellers’ Agreement”	an agreement to be entered into between CKA Sub, CKI Sub and Brockhill on Closing as to how the rights of the Sellers under the Shareholders’ Agreements, including but not limited as to the appointment of NWG Directors and NSL Directors, shall be exercised

“Share Purchase Agreement”	the share purchase agreement dated 14 July 2022 entered into among the Sellers and the Purchaser in relation to the sale and purchase of the Investment Shares
“Shareholders’ Agreements”	the NWG Shareholders’ Agreement and the NSL Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TDT1”	Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1
“TDT2”	Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2
“TDT3”	Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3
“TDT4”	Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4
“Transaction”	the transactions contemplated under the Share Purchase Agreement, the Shareholders’ Agreements and the Sellers’ Agreement
“Trust”	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them
“UT1”	The Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

Note: The figures in GBP are converted into HK\$ at the rate of GBP1.00 : HK\$9.3112 throughout this announcement for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

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

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

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

14 July 2022

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

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

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