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**CHEUNG KONG PROPERTY HOLDINGS LIMITED**  
長江實業地產有限公司

*(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)**

**CONNECTED TRANSACTION AND  
DISCLOSEABLE TRANSACTION**

**CONNECTED TRANSACTION**



**Cheung Kong Infrastructure Holdings Limited**  
長江基建集團有限公司

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1038)**



Power Assets Holdings Ltd.  
電能實業有限公司

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 6)**

**CONNECTED TRANSACTION AND  
DISCLOSEABLE TRANSACTION**

**CONNECTED TRANSACTION AND  
DISCLOSEABLE TRANSACTION**

**FORMATION OF A JOINT VENTURE IN CONNECTION WITH  
THE PROPOSED ACQUISITION OF ALL OF THE STAPLED SECURITIES IN ISSUE  
OF THE TARGET WHICH ARE LISTED ON THE AUSTRALIAN SECURITIES  
EXCHANGE BY WAY OF SCHEMES**

The CKPH Board, the CKHH Board, the CKI Board and the PAH Board jointly announce that on 14 January 2017, a consortium comprising CKPH, CKI and PAH entered into the Consortium Formation Agreement, pursuant to which, subject to the obtaining of the necessary Independent Shareholders' Approvals, the relevant Consortium Members will, among other things, indirectly fund the Acquisition according to the Respective Proportions or Revised Respective Proportions (as the case may be) and enter into the Shareholders' Agreement.

In addition, in connection with the Acquisition, Bidco, the Target and the Consortium Members (as guarantors of Bidco's obligations under the Scheme Implementation Agreement) have entered into the Scheme Implementation Agreement on 14 January 2017. The Scheme Implementation Agreement is not conditional on completion of the Joint Venture Transaction but is conditional upon the fulfilment of certain conditions as set out below.

The implications of the Joint Venture Transaction on each of CKPH, CKI, PAH and CKHH under the Listing Rules are as follows:

- (a) As one or more of the applicable percentage ratios of CKPH based on the Maximum Financial Commitment of the CKPH Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for CKPH and is subject to CKPH's compliance with the announcement and notification requirements, but is not subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKPH under the Listing Rules. As CKHH currently holds approximately 71.93% of the issued share capital of CKI, CKI may also be regarded as a connected person of CKPH by virtue of it being a subsidiary of CKHH. Therefore, the Joint Venture Transaction as between CKPH and CKI also constitutes a connected transaction for CKPH under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of CKPH based on the Maximum Financial Commitment of the CKPH Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH and CKI is subject to CKPH's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

- (b) As one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for CKI and is subject to CKI's compliance with the announcement and notification requirements, but is not subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

Given Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor (who is a director of CKI) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH, CKPH may be regarded as a connected person of CKI under the Listing Rules. Therefore, the Joint Venture Transaction as between CKPH and CKI also constitutes a connected transaction for CKI under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH and CKI is subject to CKI's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

- (c) As one or more of the applicable percentage ratios of PAH based on the Maximum Financial Commitment of the PAH Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for PAH and is subject to PAH's compliance with the announcement and notification requirements, but is not subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

CKI currently holds approximately 38.87% of the issued shares of PAH. As a substantial shareholder of PAH, CKI is a connected person of PAH under Chapter 14A of the Listing Rules. Further, given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor (who is a director of PAH) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH, CKPH may also be regarded as a connected person of PAH under the Listing Rules. Therefore, the Joint Venture Transaction as between CKPH (or, CKPH and CKI) on the one hand and PAH on the other hand also constitutes a connected transaction for PAH under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of PAH based on the Maximum Financial Commitment of the PAH Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH (or, CKPH and CKI) on the one hand and PAH on the other hand is subject to PAH's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(d) For CKHH, CKPH has been deemed by the Stock Exchange to be its connected person under the Listing Rules. Accordingly, the entry into of the Joint Venture Transaction by CKI, which is a subsidiary of CKHH, with CKPH constitutes a connected transaction for CKHH under the Listing Rules. As one or more of the applicable percentage ratios of CKHH based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceed 0.1% but all of the applicable percentage ratios are less than 5%, the Joint Venture Transaction is subject to CKHH's compliance with the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

If the Independent Shareholders' Approval of CKPH (referred to in (a) above) and/or the Independent Shareholders' Approval of CKI (referred to in (b) above) are not obtained, but the Independent Shareholders' Approval of PAH (referred to in (c) above) is obtained, the Joint Venture Transaction will proceed between CKPH and PAH as to 80% and 20%, respectively.

If the Independent Shareholders' Approvals of both CKPH (referred to in (a) above) and CKI (referred to in (b) above) are obtained, but the Independent Shareholders' Approval of PAH (referred to in (c) above) is not obtained, the Joint Venture Transaction will proceed between CKPH and CKI as to 60% and 40%, respectively.

If the necessary Independent Shareholders' Approvals in respect of both of CKI's participation and PAH's participation in the Joint Venture Transaction are not obtained, the Joint Venture Transaction will not proceed and Bidco will, as an indirect wholly-owned subsidiary of CKPH and subject to the Schemes becoming effective, proceed with the Acquisition. In such case, the Acquisition will constitute a discloseable transaction for CKPH as one or more of the applicable percentage ratios of CKPH based on the Scheme Consideration and the transaction costs under the Scheme Implementation Agreement will exceed 5% but will be less than 25%, and the Acquisition would be subject to CKPH's compliance with the announcement and notification requirements, but would not be subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

**As completion of the Joint Venture Transaction is conditional on the obtaining of the relevant Independent Shareholders' Approvals, and the Acquisition depends on the fulfilment of certain conditions under the Scheme Implementation Agreement, there remains the possibility that the Joint Venture Transaction and/or the Acquisition may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## 1. INTRODUCTION

The CKPH Board, the CKHH Board, the CKI Board and the PAH Board jointly announce that on 14 January 2017, a consortium comprising CKPH, CKI and PAH entered into the Consortium Formation Agreement, pursuant to which, subject to the obtaining of the necessary Independent Shareholders' Approvals, the relevant Consortium Members will, among other things, indirectly fund the Acquisition according to the Respective Proportions or Revised Respective Proportions (as the case may be) and enter into the Shareholders' Agreement.

In addition, in connection with the Acquisition, Bidco, the Target and the Consortium Members (as guarantors of Bidco's obligations under the Scheme Implementation Agreement) have entered into the Scheme Implementation Agreement on 14 January 2017.

The major terms of the Joint Venture Transaction and the Scheme Implementation Agreement relating thereto are set out below.

## **2. JOINT VENTURE TRANSACTION**

### **A. The Consortium Formation Agreement**

On 14 January 2017, the Consortium Members, CKI Holdco, PAH Holdco and the Consortium Midcos entered into the Consortium Formation Agreement with, among others, JV Co and Bidco in order to govern the funding and operation of JV Co and Bidco, subject to the obtaining of the necessary Independent Shareholders' Approvals. As of the date of this announcement, each Consortium Midco is wholly owned by CKPH Holdco. In turn, JV Co is owned by Midco 1 as to 40%, Midco 2 as to 40% and Midco 3 as to 20%, respectively.

The principal terms of the Consortium Formation Agreement are as follows:

**(a) *Participation of the Consortium Members – Independent Shareholders' Approvals sought prior to the Funding Date***

It is currently expected that the respective meetings of the shareholders of each of CKPH, CKI and PAH for obtaining the necessary Independent Shareholders' Approvals will be held in advance of the Funding Date.

In the event that, prior to the Funding Date:

- (i) the necessary Independent Shareholders' Approvals of both CKPH and CKI are obtained, CKI, through CKI Holdco, will contribute nominal equity to Midco 2 through a subscription of shares in Midco 2, or through a subscription of shares in, and provision of shareholders loans to, Midco 2, and Midco 2 will utilise such equity contribution to redeem, cancel or buy-back any existing shares held in it by CKPH Holdco, such that Midco 2 will become a wholly-owned subsidiary of CKI Holdco; and/or
- (ii) the Independent Shareholders' Approval of PAH is obtained, irrespective of whether or not the Independent Shareholders' Approval of CKPH and/or CKI in respect of CKI's participation in the Joint Venture Transaction is/are obtained, PAH, through PAH Holdco, will contribute nominal equity to Midco 3 through a subscription of shares in Midco 3, or through a subscription of shares in, and provision of shareholders loans to, Midco 3, and Midco 3 will utilise such equity contribution to redeem, cancel or buy-back any existing shares held in it by CKPH Holdco, such that Midco 3 will become a wholly-owned subsidiary of PAH Holdco.

If the necessary Independent Shareholders' Approvals in respect of both CKI's participation and PAH's participation are not obtained, CKI and PAH will not contribute any equity into Midco 2 and Midco 3 as set out above, and the Joint Venture Transaction will not proceed. However, the obligations of Bidco under the Scheme Implementation Agreement remain unaffected and, subject to the Schemes becoming effective, the Acquisition will proceed, with the CKPH Group acquiring 100% of the Target via its ownership of all of the Consortium Midcos.

If the necessary Independent Shareholders' Approvals are obtained in respect of both CKI's and PAH's participation in the Joint Venture Transaction, each Consortium Midco (which will be wholly-owned by the respective Consortium Members) will contribute its Respective Proportion or Revised Respective Proportion (as appropriate) of funding to JV Co, by subscribing for additional shares in, and/or providing shareholder loans to, JV Co, which will provide back-to-back funding down to Bidco to satisfy the Scheme Consideration and the transaction costs.

Please refer to the section headed "*3. Scheme Implementation Agreement*" below for further details.

Subject to the relevant Independent Shareholders' Approvals, each Consortium Member agrees to use its best effort to procure that the Schemes are implemented by Bidco in accordance with the Scheme Implementation Agreement.

**(b) *Participation of the Consortium Members – Independent Shareholders' Approval sought after the Funding Date***

If the shareholders' meetings of both CKI and PAH for considering the Joint Venture Transaction are held after the Funding Date, subject to the Schemes becoming effective, the Acquisition will proceed, with the CKPH Group acquiring 100% of the Target via its ownership of all of the Consortium Midcos.

In the event that:

- (i) the necessary Independent Shareholders' Approvals of both CKPH and CKI are obtained, but one or both of such approvals is/are only obtained after the Funding Date and on or prior to the Longstop Date, CKI will (through CKI Holdco), after obtaining both such approvals, contribute substantial funding to Midco 2 through a subscription for shares in Midco 2, or through a subscription for shares in, and the provision of shareholder loans to, Midco 2. Midco 2 will use such equity contribution to:

- (1) redeem, cancel or buy-back all outstanding shares held by CKPH Holdco (if any); and
- (2) repay all shareholder loans owed by Midco 2 to CKPH Holdco,

such that Midco 2 will become a wholly-owned subsidiary of CKI Holdco and CKI will indirectly hold the Target as to 40%; and/or

- (ii) the Independent Shareholders' Approval of PAH is obtained after the Funding Date and on or prior to the Longstop Date, irrespective of whether or not the Independent Shareholders' Approval of CKPH and/or CKI in respect of CKI's participation in the Joint Venture Transaction is obtained, PAH will (through PAH Holdco), after obtaining its necessary Independent Shareholders' Approval, contribute substantial funding to Midco 3 through a subscription for shares in Midco 3, or through a subscription for shares in, and the provision of shareholder loans to, Midco 3. Midco 3 will use such equity contribution to:

- (1) redeem, cancel or buy-back all outstanding shares held by CKPH Holdco (if any); and
- (2) repay all shareholder loans owed by Midco 3 to CKPH Holdco,

such that Midco 3 will become a wholly-owned subsidiary of PAH Holdco and PAH will indirectly hold the Target as to 20%.

The funding amount to be contributed by CKI and/or PAH detailed above in this sub-paragraph (b) will be equal to all sums which CKPH has contributed to Midco 2 and Midco 3 respectively as at such relevant time, subject to the Maximum Financial Commitment of each of CKI and PAH.

If either CKI or PAH becomes a Non-Continuing Member, Midco 2 or Midco 3 (as applicable) will remain a wholly-owned subsidiary of CKPH Holdco.

**(c) *Maximum Financial Commitment***

Depending on whether or not the Independent Shareholders' Approvals necessary for the relevant Consortium Members' participation in the Joint Venture Transaction are obtained, the Maximum Financial Commitment of each of CKPH, CKI and PAH under the Consortium Formation Agreement is as follows:

- (i) if all of the necessary Independent Shareholders' Approvals are obtained, the Target will be indirectly held by CKPH, CKI and PAH as to 40%, 40% and 20% respectively, subject to the Schemes becoming effective, and the Maximum Financial Commitment of CKPH, CKI and PAH (through their respective shareholdings held in the Consortium Midcos at such relevant time) will be equal to its Respective Proportion of the Scheme Consideration and the transaction costs under the Scheme Implementation Agreement, which will be up to approximately AUD3,012 million (equivalent to approximately HK\$17,259 million), approximately AUD3,012 million (equivalent to approximately HK\$17,259 million), and approximately AUD1,506 million (equivalent to approximately HK\$8,629 million) for CKPH, CKI and PAH respectively;
- (ii) where only the necessary Independent Shareholders' Approvals for CKI's participation in the Joint Venture Transaction are obtained, the Target will be indirectly held by CKPH and CKI as to 60% and 40% respectively, subject to the Schemes becoming effective, and the Maximum Financial Commitment of CKPH and CKI (through their respective shareholdings held in the Consortium Midcos at such relevant time) will be equal to their Revised Respective Proportion of the Scheme Consideration and the transaction costs under the Scheme Implementation Agreement, which will be up to approximately AUD4,518 million (equivalent to approximately HK\$25,888 million) for CKPH and approximately AUD3,012 million (equivalent to approximately HK\$17,259 million) for CKI; and
- (iii) where only the Independent Shareholders' Approval for PAH's participation in the Joint Venture Transaction is obtained, the Target will be indirectly held by CKPH and PAH as to 80% and 20% respectively, subject to the Schemes becoming effective, and the Maximum Financial Commitment of CKPH and PAH (through their respective shareholdings held in the Consortium Midcos at such relevant time) will be equal to their Revised Respective Proportions of the Scheme Consideration and the transaction costs under the Scheme Implementation Agreement, which will be up to approximately AUD6,024 million (equivalent to approximately HK\$34,518 million) for CKPH and approximately AUD1,506 million (equivalent to approximately HK\$8,629 million) for PAH.

Each of CKPH, CKI and PAH intends to finance its Respective Proportion or Revised Respective Proportion (as applicable) of the Scheme Consideration and the transactions costs under the Scheme Implementation Agreement from its internal resources and/or external borrowings.

Upon the contribution of equity to Midco 2 and/or Midco 3 by CKI and/or PAH respectively, in accordance with the manner as set out above:

- (i) JV Co will be indirectly held by the relevant Consortium Members through the relevant Consortium Midcos in the Respective Proportions or the Revised Respective Proportions (as applicable);
- (ii) (if neither CKI nor PAH is a Non-Continuing Member) the Target will be accounted for as a joint venture by CKPH in its consolidated financial statements;
- (iii) (if CKI is not a Non-Continuing Member) the Target will be accounted for as a joint venture by CKI in its consolidated financial statements;
- (iv) (if PAH is not a Non-Continuing Member) the Target will be accounted for as a joint venture by PAH in its consolidated financial statements; and
- (v) the Consortium Midcos will enter into the Shareholders' Agreement, the principal terms of which are summarised under "2. Joint Venture Transaction – B. The Shareholders' Agreement" below.

***(d) Termination***

Among other things, the Consortium Formation Agreement will be automatically terminated:

- (i) on the Longstop Date;
- (ii) if both CKI and PAH do not obtain their Independent Shareholders' Approvals; or
- (iii) if the Scheme Implementation Agreement is terminated in accordance with its terms.

In the event that all Independent Shareholders' Approvals are obtained, the Consortium Formation Agreement will also be terminated on the first business day following the indirect contribution of the relevant funding by CKI to Midco 2 and by PAH to Midco 3 respectively as described in sub-paragraph (a) or (b) in this section above.

In the event that either CKI or PAH becomes a Non-Continuing Member, the Consortium Formation Agreement will be terminated on the first business day following the indirect contribution of the relevant funding by CKI or PAH (whichever is not a Non-Continuing Member) to Midco 2 or Midco 3 (as applicable), in accordance with the Consortium Formation Agreement, as described in sub-paragraph (a) or (b) in this section above.

**B. The Shareholders' Agreement**

Pursuant to the Consortium Formation Agreement, following the contribution of relevant funding to Midco 2 and/or Midco 3 by CKI Holdco and/or PAH Holdco (as applicable) in accordance with the terms and conditions set out therein, the relevant Consortium Members, the relevant Consortium Midcos and JV Co will enter into the Shareholders' Agreement. Under the terms of the Shareholders' Agreement, the Consortium Members will agree on certain ongoing rights and obligations governing their relationship as shareholders of JV Co and the management and operation of JV Co and the Target Group upon implementation of the Schemes.

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

***(a) Board role and composition***

The business of JV Co shall be managed by its board of directors, who may exercise all the powers of JV Co subject to the terms and provisions of the Shareholders' Agreement, the articles of association or applicable laws. Each Consortium Member shall have the right to nominate one director for appointment on the board of directors of JV Co in respect of each complete ten per cent (10%) of the shares in JV Co it owns (either directly or through its subsidiaries).

***(b) Quorum***

The quorum for the transaction of business at any board meeting of JV Co shall be at least one director appointed by each Consortium Member (unless a Consortium Member waives the quorum requirement to the extent that it relates to its appointed director(s) or if that Consortium Member has a conflict of interest), provided that if a quorum is not present (or ceases to be present) at a board meeting, the board meeting shall be adjourned.

***(c) Board voting***

Except for reserved matters, all board resolutions of JV Co are made by simple majority of directors present and entitled to vote on the resolution.

A small number of board matters of JV Co require a special majority, being a resolution which is approved by directors who together hold greater than 85% of the total number of votes held by directors present and entitled to vote on the resolution. These include, among other customary reserved matters:

- (i) any change to the dividend and distribution policy;
- (ii) the declaration, determination or payment of any dividend or distribution by JV Co and its subsidiaries other than in accordance with the dividend and distribution policy;
- (iii) the acquisition of any assets or business which are not related to the operation of the business of JV Co and its subsidiaries where the assets or business to be acquired have a value in excess of 2% of the enterprise value;
- (iv) the adoption and/or amendment of an annual business plan;
- (v) the appointment or removal of the chief executive officer or chief financial officer of the Target Group; and
- (vi) JV Co and its wholly-owned subsidiaries borrowing money in excess of 3% of the aggregate enterprise value per annum.

**(d) *Shareholder Reserved Matters***

In addition, a number of fundamental corporate actions are expressly reserved as shareholder matters. JV Co and any Target Group entity cannot take these steps unless the resolution is approved by shareholders of JV Co who together hold greater than 85% of the total number of votes held by shareholders of JV Co present and entitled to vote on the resolution.

These shareholder reserved matters include, among other things:

- (i) amending the constitution or trust deed (as applicable) of JV Co or any of its wholly-owned subsidiaries;
- (ii) the creation, allotment or issue of any share capital, loan capital, units or other securities or any instrument convertible into or referable to such;
- (iii) any capital reduction, buy-back or scheme of arrangement;
- (iv) any resolution for winding-up or liquidation or the making of an application for an administration order;
- (v) up until the implementation date of the Schemes, the exercise by Bidco or waiver by Bidco or any Consortium Member of any rights under the Scheme Implementation Agreement; and
- (vi) the amendment of any Scheme Document.

**(e) *Dividend and distribution policy***

Unless otherwise agreed by a shareholder special resolution of JV Co, the dividend and distribution policy shall be to maximize distributions subject to normal commercial considerations deemed appropriate by the relevant board of directors, including requirements for capital and operating expenditure, taxation and other liabilities and obligations and future potential acquisitions, and maintenance of the then existing rating of JV Co and its wholly-owned subsidiaries.



**(f) Pre-emption rights**

Unless a Consortium Member is transferring some or all of its equity interest in JV Co held by it or its direct or indirect subsidiaries to a member of its group as permitted under the Shareholders' Agreement (the "**Sale Shares**"), a Consortium Member must first offer these Sale Shares to the remaining shareholders of JV Co on a pro rata basis. If the Sale Shares are not fully taken up by the aforesaid shareholders of JV Co, the selling Consortium Member will be entitled to sell all of (and not some of) the unsold Sale Shares within three months of completion of the pre-emption process.

**3. SCHEME IMPLEMENTATION AGREEMENT**

On 14 January 2017, Bidco, the Target and the Consortium Members entered into the Scheme Implementation Agreement in connection with the Acquisition. The Acquisition is not conditional on the completion of the Joint Venture Transaction but is conditional upon the fulfilment of certain conditions as set out below. The principal terms of the Scheme Implementation Agreement are as follows:

**(a) The outline of the Schemes**

Subject to the Schemes becoming effective in accordance with their respective terms, the general effect of the Schemes will be as follows:

- (i) all of the Target Securities will be transferred to Bidco in accordance with the terms of the Schemes; and
- (ii) in consideration for the transfer to Bidco of all of the Target Securities, the Target Securityholders will receive the Scheme Consideration in accordance with the terms of the Schemes.

**(b) Implementation of the Schemes**

Target agrees to recommend the Schemes to the Target Securityholders and implement the Schemes, subject to the Schemes being approved by the requisite majorities at the Target Scheme Meetings, and Bidco agrees to assist the Target in the implementation of the Schemes and to pay the Scheme Consideration.

Based on the Scheme Consideration per Target Security of AUD3.00 (equivalent to approximately HK\$17.19) per Target Security held by a Target Securityholder and the total number of Target Securities currently in issue, being 2,433,045,531 Target Securities as at the date of this announcement only, the Scheme Consideration for all the Target Securities would be approximately AUD7,299 million (equivalent to approximately HK\$41,823 million). The Scheme Consideration was determined based on the Consortium's valuation of the Target's businesses. The Target is permitted to pay to the Target Securityholders a full distribution of up to AUD0.0925 (equivalent to approximately HK\$0.53) for its financial half year ended 31 December 2016 and no adjustment will be made to the Scheme Consideration payable by Bidco as a result of such distribution.

Adjustments will be made to the total amount of Scheme Consideration payable for all of the Target Securities in the manner as follows:

- (i) Distributions of the Target's income will be made to the Target Securityholders for the period from 1 July 2016 to the date the Schemes are implemented (to the extent that income has not already been distributed for the financial half year ended 31 December 2016 as described above) (the "**Target Distributions**"). The Target Distributions may reduce the Scheme Consideration per Target Security payable by Bidco, to the extent and in the amount by which they exceed AUD0.03 (equivalent to approximately HK\$0.17) per Target Security.

- (ii) Additionally, the Target currently has a distribution reinvestment plan under which Target Securityholders can reinvest any distributions owing to them in new Target Securities (namely, the DRP). The DRP will apply to the distribution for the period ended 31 December 2016 but not to any of the distributions of the Target's income to be made in connection with the Schemes.

The numbers of new Target Securities to be issued pursuant to the DRP will depend upon the value of the distributions that the Target Securityholders elect to be subject to the DRP divided by the VWAP of the Target during the Pricing Period. The Scheme Consideration of AUD3.00 (equivalent to approximately HK\$17.19) per Target Security (subject to the adjustment by virtue of the Target Distributions, as appropriate) will also be payable by Bidco in respect of the new Target Securities to be issued under the DRP. Accordingly, the total amount of Scheme Consideration payable under the Scheme Implementation Agreement may be adjusted upwards in the event of the issuance of such new Target Securities pursuant to the DRP.

The Consortium estimates that the total amount of Scheme Consideration payable for all of the Target Securities will be approximately AUD7,408 million (equivalent to approximately HK\$42,448 million), after taking into account the adjustments set out under sub-paragraphs (b)(i) and (ii) above and subject to unforeseeable market conditions.

The implementation of the Schemes will be subject to the terms of the Scheme Implementation Agreement and other customary conditions contained therein.

**(c) *Conditions to the Schemes***

Each of the Schemes are inter-conditional, and shall be implemented at the same time. In order for the Schemes to become effective, the following conditions precedent must be satisfied:

- (i) the Treasurer of the Commonwealth of Australia (or his delegate) either provides written notice to the effect that it does not object to the Acquisition under the Foreign Acquisitions and Takeovers Act 1975 (Cth), or the Treasurer of the Commonwealth of Australia becomes precluded by passage of time from making any order or decision in respect of the Acquisition;
- (ii) the Australian Securities and Investments Commission having granted the necessary modifications of the Corporations Act allowing:
  - (1) the Target Securityholders eligible to vote at the relevant Target Scheme Meeting to vote in favour of the implementation of the Trust Scheme;
  - (2) relief from prohibitions on making unsolicited offers to acquire financial products under the Corporations Act;
  - (3) DFL to obtain relief from the requirement to provide a financial services guide in respect of any financial services provided in the Scheme Booklet; and
  - (4) DIHL and DUECo to obtain relief from the requirement to hold an Australian Financial Services Licence in relation to any financial product advice provided in the Scheme Booklet;
- (iii) the approval of, or no objection from, the ASX in respect of the proposed modifications to the constitution of DFT to be made in connection with the implementation of the Trust Scheme;

- (iv) the independent expert appointed by the Target provides the Independent Expert's Report to the Target, stating that in its opinion the Schemes are fair and reasonable and in the best interests of Target Securityholders, and does not change that opinion or withdraw its independent expert report by notice in writing to the Target by 8:00 a.m. (Australian time) on the date of the Court hearing to approve the Schemes;
- (v) each of the Company Schemes being approved by the requisite majorities of Target Securityholders (namely, 75% by number of votes and 50% by number of members present and voting) at the relevant Target Scheme Meetings;
- (vi) the Court granting all necessary or customary approvals, orders and judicial advice in relation to the issuance of the Scheme Booklet and the implementation of the Schemes;
- (vii) no judgement, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other government agency that remains in effect at 8:00 a.m. (Australian time) on the date for Court approval of the Schemes that prohibits, materially restricts, makes illegal or restrains the implementation of the Schemes;
- (viii) the Trust Scheme being approved by way of (i) a member approved amendment to the constitution of DFT by the requisite majority of unitholders set out in the constitution of DFT (namely, 75% by number of votes) and (ii) an approval of the acquisition of the Target Securities of DFT by the requisite majority of unitholders (namely, 50% by number of votes) at the relevant Target Scheme Meeting;
- (ix) no event, occurrence or matter (whether individually or when aggregated with all such events, occurrence or matters of a like kind) having occurred between:
  - (1) the date of Scheme Implementation Agreement; and
  - (2) the first date of hearing (or the first date of any adjourned hearing) for the application made to Court for approval of the Company Schemes and confirmation from the Court in respect of the implementation of the Trust Scheme,

which has had or is reasonably likely to have (a) the effect of a diminution in the value of the consolidated net assets (but not including any diminution in intangible assets) of the Target, taken as a whole, by at least AUD170 million (equivalent to approximately HK\$974 million); or (b) the effect of a diminution in the consolidated earnings before interest, tax, depreciation and amortisation of the Target, taken as a whole, by at least AUD100 million (equivalent to approximately HK\$573 million) per financial year in recurring financial years of the Target; or (c) the effect of a diminution in the consolidated earnings before interest, tax, depreciation and amortization of one of the Target's business divisions (being the Energy Developments division), taken as a whole, by at least AUD35 million (equivalent to approximately HK\$201 million) per financial year in recurring financial years of the Target; and

- (x) no specified "DUET Regulated Event" occurring, which is an event that is specifically prohibited by the Scheme Implementation Agreement.

Bidco and the Target are obliged to each use their respective best endeavors to satisfy, or procure the satisfaction of, the above conditions (to the extent such party is responsible for such fulfillment) on or before the End Date. Pursuant to the Scheme Implementation Agreement, Bidco is required to use its best endeavours to satisfy or procure satisfaction of the conditions set out in condition (i) above, the Target is required to use its best endeavours to satisfy or procure satisfaction of the conditions set out in conditions (ii), (iii), (ix) and (x), and each of the parties to the Scheme Implementation Agreement are required to use their endeavours to satisfy or procure the satisfaction of conditions (v), (vi), (vii) and (viii) above.

Bidco and the Target may jointly waive any conditions above except for the conditions under paragraphs (i), (v), (vi) and (viii). Only Bidco may waive the condition under paragraphs (ix) and (x).

Upon the Schemes becoming effective, the Schemes will be binding on all Target Securityholders, irrespective of whether they attended or voted at the Target Scheme Meeting (and if they attended and voted, whether or not they voted in favour).

***(d) Guarantee and impact of the Independent Shareholders' Approvals***

Under the Scheme Implementation Agreement, each of the Consortium Members agree to guarantee, on a several basis and in proportion to its shareholding in JV Co (which may be directly or indirectly held) after their capital contributions pursuant to the Joint Venture Transaction, the performance and observance by Bidco of all of the obligations of Bidco under the Scheme Implementation Agreement (including the payment of the Scheme Consideration (and any stamp duty payable thereon) and the costs reimbursement fee as set out below). However, the obligations of CKI and PAH to provide the guarantees under the Scheme Implementation Agreement are conditional on the obtaining of their respective necessary Independent Shareholders' Approvals.

For the avoidance of doubt, the guarantee obligation of CKPH is not subject to the receipt of its Independent Shareholders' Approval. If the necessary Independent Shareholders' Approvals of both CKI and PAH are not obtained on the Approval Determination Date:

- (i) the Consortium Formation Agreement will be automatically terminated in accordance with its terms and the Joint Venture Transaction will not proceed;
- (ii) the obligations of CKI and PAH to provide the guarantees under the Scheme Implementation Agreement will lapse;
- (iii) the guarantee in respect of the relevant obligations of Bidco under the Scheme Implementation Agreement will be provided solely by CKPH (namely, as to 100%);
- (iv) the Scheme Consideration and transaction costs payable by CKPH Group under the Schemes will be up to AUD7,530 million (equivalent to approximately HK\$43,147 million); and
- (v) CKPH has adequate financial resources to fund a 100% acquisition of the Target by its internal resources and/or external bank borrowings.

If either CKI or PAH becomes a Non-Continuing Member due to the failure to obtain the relevant Independent Shareholders' Approvals on the Approval Determination Date, the funding obligation of CKPH under the Joint Venture Transaction and its guarantee obligation under the Scheme Implementation Agreement towards Bidco will be adjusted in proportion to the Revised Respective Proportion, as a consequence of such Non-Continuing Member not subscribing for equity in the applicable Consortium Midco.

**(e) Break fees**

Pursuant to the Scheme Implementation Agreement, the Target has agreed to pay to Bidco a break fee of approximately AUD73 million (equivalent to approximately HK\$418 million) if:

- (i) a director of the Target fails to recommend (or changes their recommendation in relation to) the Schemes or recommends a competing proposal (except where (A) that failure is because the independent expert appointed by the Target does not give an opinion that the Schemes are fair and reasonable to and in the best interests of members of the Target; (B) there is a material and unremedied breach of the terms of the Scheme Implementation Agreement and Target terminates it; or (C) the condition with respect to the Treasurer of the Commonwealth of Australia (or his delegate) either providing written notice to the effect that it does not object to the Acquisition or the Treasurer of the Commonwealth of Australia becoming precluded by passage of time from making any order or decision in respect of the Acquisition was not met, other than as a result of a breach by the Target of its best endeavours obligations under the Scheme Implementation Agreement);
- (ii) the Target is in material breach of the Scheme Implementation Agreement and Bidco terminates the Scheme Implementation Agreement; or
- (iii) a competing proposal is announced or made prior to date of the Court hearing to approve the Trust Scheme and is completed within twelve months of the Scheme Implementation Agreement being entered into.

**(f) Costs reimbursement**

Pursuant to the Scheme Implementation Agreement, Bidco has agreed to pay to the Target a costs reimbursement amount of AUD5 million (equivalent to approximately HK\$29 million), if the Target terminates the Scheme Implementation Agreement due to a material and unremedied breach of the Scheme Implementation Agreement by another party (not being a subsidiary of the Target), in accordance with the terms and conditions of the Scheme Implementation Agreement. For the avoidance of doubt, such costs reimbursement is not payable if:

- (i) Bidco was entitled to terminate the Scheme Implementation Agreement due to a material and unremedied breach of the Scheme Implementation Agreement by another party (not being a Consortium Member); or
- (ii) the Schemes become effective.

**(g) Completion**

Pursuant to the terms of the Scheme Implementation Agreement, Bidco agrees in favour of Target that, in consideration of the transfer to Bidco of each Target Security under the Schemes, Bidco will accept such transfer, and will pay to the Target the Scheme Consideration, in accordance with the terms of the Schemes in cash. All of the Target Securities will be transferred to Bidco in accordance with the terms of the Schemes. In consideration for the transfer to Bidco of all Target Securities held by the Target Securityholders, the Target Securityholders will receive the Scheme Consideration in accordance with the terms of the Schemes.

The directors of the Target have confirmed that they intend to recommend unanimously that the Target Securityholders vote in favour of the Schemes and the resolutions to be proposed at the Target Scheme Meetings.

If the Schemes do not become effective on or before the End Date and the parties do not agree an extension of the End Date, then either the Target or Bidco has the right to terminate the Scheme Implementation Agreement.

#### 4. INFORMATION ON THE TARGET GROUP

The Target is an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe. It consists of four separate legal entities, being DUECo, DFL, DIHL and DFT. The interests in these four entities (being the ordinary shares in each of DUECo, DFL and DIHL, and the ordinary units in DFT) are traded together as stapled securities which are listed on the ASX (ASX Code: DUE).

The principal businesses currently owned and operated by the Target are as follows:

- (a) Multinet Gas, a gas distribution business located in Victoria, Australia;
- (b) United Energy, an electricity distribution business in Victoria, Australia;
- (c) Energy Developments, an international provider of safe, clean, low greenhouse gas emissions energy and remote energy solutions; and
- (d) Dampier Bunbury Pipeline, Western Australia's principal gas transmission pipeline.

According to the audited consolidated financial statements of the Target Group for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 prepared in accordance with Australian Accounting Standards, the Corporations Act and other authoritative pronouncements of the Australian Accounting Standards Board and which comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the audited consolidated profit before and after income tax of the Target Group for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 are set out below:

	Year ended 30 June		
	2014	2015	2016
<b>Profit before taxation</b>	AUD102 million (equivalent to approximately HK\$584 million)	AUD65 million (equivalent to approximately HK\$372 million)	AUD213 million (equivalent to approximately HK\$1,220 million)
<b>Profit after taxation</b>	AUD193 million (equivalent to approximately HK\$1,106 million)	AUD46 million (equivalent to approximately HK\$264 million)	AUD217 million (equivalent to approximately HK\$1,243 million)

According to the audited consolidated financial statements of the Target Group for the financial year ended 30 June 2016 prepared in accordance with Australian Accounting Standards, the Corporations Act and other authoritative pronouncements of the Australian Accounting Standards Board and which comply with the IFRS, the audited consolidated net asset value of the Target Group as at 30 June 2016 was approximately AUD3,411 million (equivalent to approximately HK\$19,545 million).

To the best of the knowledge, information and belief of the CKPH Directors, the CKHH Directors, the CKI Directors and the PAH Directors, having made all reasonable enquiries, the Target and its ultimate beneficial owners are third parties independent of the CKPH Group, the CKHH Group, the CKI Group and the PAH Group and independent of connected persons of the CKPH Group, the CKHH Group, the CKI Group and the PAH Group under the Listing Rules.

## **5. INFORMATION ON THE CKPH GROUP**

The CKPH Group has diverse capabilities with principal activities encompassing property development and investment, hotel and serviced suite operation and property and project management and is in serious and prudent search of quality global investments to enhance its revenue streams and supplement the cyclical impact on cash flow associated with property development.

## **6. INFORMATION ON THE CKI GROUP**

The principal activities of the CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada.

## **7. INFORMATION ON THE PAH GROUP**

The principal activities of the PAH Group are investment in energy businesses in Hong Kong and overseas.

## **8. INFORMATION ON THE CKHH GROUP**

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

## **9. REASONS FOR, AND BENEFITS OF, THE ACQUISITION AND THE JOINT VENTURE TRANSACTION**

The Consortium Members believe that the Target's energy utility assets in Australia, the United States, the United Kingdom and Europe represent an attractive opportunity for investors with the potential for growth opportunities. Among the Consortium Members, CKPH is the only bidding party with the size and immediate resources to make an offer conditional only upon the conditions set out under "3. *Scheme Implementation Agreement - (c) Conditions to the Schemes*".

CKI and PAH have worked together on joint venture projects in the past and their previous experience of working together successfully makes them suitable Consortium Members.

For CKPH, as stated in its Annual Report 2015, its Interim Report 2016 and its announcement published on 2 December 2016, the CKPH Group is currently highly liquid and is in a net cash position. However, in the current cyclical stage of the local property market, high property prices have presented risks rendering it challenging to identify property investments with reasonable returns. The CKPH Group has therefore given serious and prudent consideration to and participated in quality global investments that meet the investment criteria set out in its Annual Report 2015, with a view to extending its reach to new business areas to enhance its revenue streams and supplement the cyclical impact on cash flow associated with property development. In circumstances where CKPH is extending its reach into new business areas, it should, where appropriate, collaborate with parties that have a proven track record and expertise in the relevant area, in particular, as a reputable manager in extrapolating potential value in invested assets thus enhancing the asset value and liquidity over time. CKPH can collaborate most effectively with parties with which its management team has a history of working together successfully. The formation of the Consortium under the Joint Venture Transaction would allow CKPH, CKI and PAH to share their management and strategic expertise in the management and operation of the Target. Therefore, the Joint Venture Transaction with CKI and PAH would be beneficial to CKPH's business and consistent with its strategy since these companies have a strong track record in infrastructure investments of the kind that meet CKPH's investment criteria and also have historical ties with CKPH.

If the necessary Independent Shareholders' Approvals in respect of both CKI's participation and PAH's participation cannot be obtained and the Joint Venture Transaction does not proceed, CKPH will, through Bidco which will remain as an indirect wholly-owned subsidiary of CKPH, proceed with the Acquisition to acquire 100% of the Target. In such case, the Target still represents a quality investment for the CKPH Group for the following reasons:

- (a) the Target Group is a sizeable business, and will provide CKPH with the opportunity to make its first investment to enter into an area in infrastructure business in Australia, which is consistent with CKPH's global diversification strategy;
- (b) the Target Group provides a steady income on a long term basis through its regulated and contracted revenues, and has a long track record of stable financial performance. Its stable infrastructure revenue and cash flows will help to supplement the cyclical impact of the local property market; and
- (c) CKPH can leverage on the expertise of the Target's existing management such as through service agreements with the joint ventures and associates of CKI and/or PAH and/or other professionals to support the management of the Target's business.

The Target Group's energy utility assets in Australia, the United States, the United Kingdom and Europe will represent a quality investment for CKPH Group with potential for appropriate growth opportunities.

For CKI, the Joint Venture Transaction is consistent with its strategies of investing in energy infrastructure opportunities around the world and embracing new growth opportunities through diversification.

For PAH, the investment in the Target, through the Joint Venture Transaction, allows the PAH Group to expand on its existing energy platforms, and is consistent with its strategy of investing in power infrastructure opportunities globally.

The CKPH Board, the CKI Board and the PAH Board therefore consider that, subject to completion of the Acquisition, the respective companies would benefit from the co-operation with the others through the Joint Venture Transaction.

For the above reasons, the CKPH Directors (other than Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Simon Murray and Mr. Yeh Yuan Chang, Anthony, being independent non-executive directors of CKPH who are members of the independent board committee of CKPH established to make recommendations to the independent shareholders of CKPH on the Joint Venture Transaction, and whose views will be set out in the circular to be issued by CKPH to its shareholders) consider that the terms of the Joint Venture Transaction are on normal commercial terms and the terms of the Joint Venture Transaction are fair and reasonable and in the interest of CKPH and its shareholders as a whole. The CKPH Directors (including the independent non-executive directors) are of the opinion that, whether or not the Joint Venture Transaction proceeds, the Acquisition is fair and reasonable and in the interests of CKPH and its shareholders as a whole. As each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the Joint Venture Transaction, each of them has voluntarily abstained from voting on the board resolutions of CKPH for approving the Joint Venture Transaction.



The CKI Directors (other than Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Colin Stevens Russel, Mr. Lan Hong Tsung, David and Mr. Barrie Cook, being independent non-executive directors of CKI who are the members of the independent board committee of CKI established to make recommendations to the independent shareholders of CKI on the Joint Venture Transaction, and whose views will be set out in the circular to be issued by CKI to its shareholders) consider that the terms of the Joint Venture Transaction are on normal commercial terms and in the ordinary and usual course of business of the CKI Group, and the terms of the Joint Venture Transaction are fair and reasonable and in the interest of CKI and its shareholders as a whole. Mr. Li Tzar Kuoi, Victor, being an executive director of CKI, has voluntarily abstained from voting on the board resolutions of CKI for approving the Joint Venture Transaction.

The PAH Directors (other than Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony, being independent non-executive directors of PAH who are members of the independent board committee of PAH established to make recommendations to the independent shareholders of PAH on the Joint Venture Transaction, and whose views will be set out in the circular to be issued by PAH to its shareholders) consider that the terms of the Joint Venture Transaction are on normal commercial terms and in the ordinary and usual course of business of the PAH Group, and the terms of the Joint Venture Transaction are fair and reasonable and in the interest of PAH and its shareholders as a whole. Mr. Li Tzar Kuoi, Victor, being a non-executive director of PAH, has voluntarily abstained from voting on the board resolutions of PAH for approving the Joint Venture 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 Joint Venture Transaction and the benefits which are expected to accrue to CKHH and its subsidiaries (of which CKI forms part) as a result of the Joint Venture Transaction, and consider that the terms of the Joint Venture Transaction are on normal commercial terms and in the ordinary and usual course of business of the CKHH Group, and the terms of the Joint Venture Transaction 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 CKHH (including its subsidiaries) and/or the other parties involved in the transactions, and no CKHH Directors were required to abstain from voting on the board resolutions of CKHH passed in connection with this announcement. Notwithstanding the foregoing, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, each being an executive director of CKHH, have voluntarily abstained from voting on the board resolutions of CKHH passed in connection with this announcement.

## **10. IMPLICATIONS UNDER THE LISTING RULES**

### **(a) For CKPH**

As one or more of the applicable percentage ratios of CKPH based on the Maximum Financial Commitment of the CKPH Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for CKPH and is subject to CKPH's compliance with the announcement and notification requirements but is not subject to the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKPH under the Listing Rules. As CKHH currently holds approximately 71.93% of the issued share capital of CKI, CKI may also be regarded as a connected person of CKPH by virtue of it being a subsidiary of CKHH. Therefore, the Joint Venture Transaction as between CKPH and CKI also constitutes a connected transaction for CKPH under the Listing Rules. As one or more of the applicable percentage ratios of CKPH based on the Maximum Financial Commitment of the CKPH Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH and CKI is subject to CKPH's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For the avoidance of doubt, the Maximum Financial Commitment referred to in this regard represents the Maximum Financial Commitment of the CKPH Group if JV Co is held as to 80% by the CKPH Group, which is the highest shareholding in JV Co that the CKPH Group can hold under the Consortium Formation Agreement if the Joint Venture Transaction proceeds.

A CKPH circular containing, among other things, information on the Joint Venture Transaction is expected to be despatched to the shareholders of CKPH on or about 22 February 2017. The circular will be despatched more than 15 business days after the publication of this announcement in order to ensure that no price sensitive information of the Target will be disclosed in advance of the Target's announcement of its interim results ended 31 December 2016.

If the necessary Independent Shareholders' Approvals in respect of CKI's participation and PAH's participation in the Joint Venture Transaction are not obtained, the Joint Venture Transaction will not proceed and Bidco will, as an indirect wholly-owned subsidiary of CKPH and subject to the Schemes becoming effective, proceed with the Acquisition. In such case, the Acquisition will constitute a discloseable transaction for CKPH as one or more of the applicable percentage ratios of CKPH based on the Scheme Consideration and the transaction costs under the Scheme Implementation Agreement will exceed 5% but will be less than 25%, and the Acquisition would be subject to CKPH's compliance with announcement and notification requirements, but would not be subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

**(b) For CKI**

As one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for CKI and is subject to CKI's compliance with the announcement and notification requirements, but is not subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

Given Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor (who is a director of CKI) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH, CKPH may be regarded as a connected person of CKI under the Listing Rules. Therefore, the Joint Venture Transaction as between CKPH and CKI also constitutes a connected transaction for CKI under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH and CKI is subject to CKI's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A CKI circular containing, among other things, information on the Joint Venture Transaction is expected to be despatched to the shareholders of CKI on or about 22 February 2017. The circular will be despatched more than 15 business days after the publication of this announcement in order to ensure that no price sensitive information of the Target will be disclosed in advance of the Target's announcement on its interim results ended 31 December 2016.

**(c) For PAH**

As one or more of the applicable percentage ratio of PAH based on the Maximum Financial Commitment of the PAH Group under the Joint Venture Transaction exceeds 5% but is less than 25%, the Joint Venture Transaction constitutes a discloseable transaction for PAH and is subject to PAH's compliance with the announcement and notification requirements, but is not subject to the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

CKI currently holds approximately 38.87% of the issued shares of PAH. As a substantial shareholder of PAH, CKI is a connected person of PAH under Chapter 14A of the Listing Rules. Further, given that Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor (who is a director of PAH) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 30.43% of the issued share capital of CKPH, CKPH may also be regarded as a connected person of PAH under Chapter 14A of the Listing Rules. Therefore, the Joint Venture Transaction as between CKPH (or, CKPH and CKI) on the one hand and PAH on the other hand also constitutes a connected transaction for PAH under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of PAH based on the Maximum Financial Commitment of the PAH Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKPH (or, CKPH and CKI) on the one hand and PAH on the other hand is subject to PAH's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A PAH circular containing, among other things, information on the Joint Venture Transaction is expected to be despatched to the shareholders of PAH on or about 22 February 2017. The circular will be despatched more than 15 business days after the publication of this announcement in order to ensure that no price sensitive information of the Target will be disclosed in advance of the Target's announcement on its interim results ended 31 December 2016.

**(d) For CKHH**

For CKHH, CKPH has been deemed by the Stock Exchange to be its connected person under the Listing Rules. Accordingly, the entry into of the Joint Venture Transaction by CKI, which is a subsidiary of CKHH, with CKPH constitutes a connected transaction for CKHH under the Listing Rules.

As one or more of the applicable percentage ratios of CKHH based on the Maximum Financial Commitment of the CKI Group under the Joint Venture Transaction exceed 0.1% but all of the applicable percentage ratios are less than 5%, the Joint Venture Transaction is subject to CKHH's compliance with the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

## **11. FURTHER INFORMATION**

It should be noted that as the Joint Venture Transaction remains subject to the necessary Independent Shareholders' Approvals, there can be no certainty that the Joint Venture Transaction will or will not be completed.

Further announcement(s) will be made by CKPH, CKHH, CKI and/or PAH on the developments of the Acquisition and the Joint Venture Transaction and the transactions to be entered into by them in relation thereto as and when appropriate.

**As completion of the Joint Venture Transaction is conditional on the obtaining of the relevant Independent Shareholders' Approvals, and the Acquisition depends on the fulfilment of certain conditions under the Scheme Implementation Agreement, there remains the possibility that Joint Venture Transaction and/or the Acquisition may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## 12. DEFINITIONS

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

<b>“Acquisition”</b>	the proposed acquisition of all of the Target Securities on issue from the Target Securityholders by way of the Schemes to be carried out concurrently with one another
<b>“Approval Determination Date”</b>	the date on which the meetings of shareholders are convened to consider the Independent Shareholders’ Approvals
<b>“ASX”</b>	the Australian Securities Exchange
<b>“AUD”</b>	Australian dollars, the official currency of Australia
<b>“Bidco”</b>	CK William Australia Bidco Pty Ltd, an indirect wholly-owned subsidiary of JV Co and a company incorporated under the laws of Australia with limited liability
<b>“CKHH”</b>	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)
<b>“CKHH Board”</b>	the board of CKHH Directors
<b>“CKHH Director(s)”</b>	the director(s) of CKHH
<b>“CKHH Group”</b>	CKHH and its subsidiaries
<b>“CKI”</b>	Cheung Kong 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)
<b>“CKI Board”</b>	the board of CKI Directors
<b>“CKI Director(s)”</b>	the director(s) of CKI
<b>“CKI Holdco”</b>	CKI Gas Infrastructure Limited, an indirect wholly-owned subsidiary of CKI which is incorporated under the laws of England
<b>“CKI Group”</b>	CKI and its subsidiaries
<b>“CKPH”</b>	Cheung Kong Property 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)
<b>“CKPH Board”</b>	the board of CKPH Directors
<b>“CKPH Director(s)”</b>	the director(s) of CKPH
<b>“CKPH Group”</b>	CKPH and its subsidiaries

<b>“CKPH Holdco”</b>	CK William Topco Limited, an indirect wholly-owned subsidiary of CKPH which is incorporated under the laws of England
<b>“connected person”</b>	has the meaning ascribed to such term in the Listing Rules
<b>“Company Schemes”</b>	the schemes of arrangement made in accordance with part 5.1 of the Corporations Act, under which all the fully paid ordinary shares of each of DUECo, DIHL and DFL will be transferred to Bidco pursuant to the form attached to the Scheme Implementation Agreement or as otherwise agreed by Bidco and the Target (together with any amendment or modification made pursuant to section 411 (6) of the Corporations Act)
<b>“Consortium”</b>	CKPH, CKI and PAH (until such time as a party becomes a Non-Continuing Member), and <b>“Consortium Member”</b> shall be construed accordingly
<b>“Consortium Formation Agreement”</b>	the consortium formation agreement dated 14 January 2017 which was entered into between, among others, the Consortium Members, CKI Holdco, PAH Holdco, the Consortium Midcos, JV Co and Bidco with respect to the direct or indirect subscription for equity interest in JV Co and funding for the Acquisition
<b>“Consortium Holdcos”</b>	CKPH Holdco, CKI Holdco and PAH Holdco and <b>“Consortium Holdco”</b> shall be construed accordingly
<b>“Consortium Midcos”</b>	Midco 1, Midco 2 and Midco 3 and <b>“Consortium Midco”</b> shall be construed accordingly
<b>“Corporations Act”</b>	the Corporations Act 2001 (Cth)
<b>“Court”</b>	the Supreme Court of the New South Wales or such other court of competent jurisdiction as Bidco and Target may agree in writing
<b>“Deed Poll”</b>	the deed poll to be executed by Bidco, CKPH, and (if the meeting(s) for obtaining the relevant Independent Shareholders’ Approval(s) is/are before the date of the Court hearing to approve the issuance of the Scheme Booklet, subject to the obtaining of the relevant Independent Shareholders’ Approval(s)), CKI and/or PAH for the purpose of providing various covenants (acting severally in their Respective Proportions (or Revised Respective Proportions, as appropriate) in relation to the Schemes) in favour of eligible Target Securityholders
<b>“DFL”</b>	DUET Finance Limited, a public company incorporated under the laws of Australia, whose registered office is at Level 14, 20 Martin Place, Sydney, NSW 2000, Australia, in its personal capacity and as the responsible entity of DFT
<b>“DFT”</b>	DUET Finance Trust, a unit trust formed under the laws of Australia and a registered managed investment scheme, whose registered office is at Level 14, 20 Martin Place, Sydney, NSW 2000, Australia

<b>“DIHL”</b>	DUET Investment Holdings Limited, a public company incorporated under the laws of Australia, whose registered office is at Level 14, 20 Martin Place, Sydney, NSW 2000, Australia
<b>“DRP”</b>	the dividend reinvestment plan of the Target, under which Target Securityholders have the option of reinvesting any distributions of the Target owing to them in new Target Securities, which shall be issued to such Target Securityholders opting to participate in the DRP based on (i) the amount of the distributions of the Target owed to them; and (ii) the VWAP of the Target during the Pricing Period
<b>“DUECo”</b>	DUET Company Limited, a public company incorporated under the laws of Australia, whose registered office is at Level 14, 20 Martin Place, Sydney, NSW 2000, Australia
<b>“End Date”</b>	30 June 2017, or such later date as Bidco and the Target may agree in writing pursuant to the terms of the Scheme Implementation Agreement
<b>“Funding Date”</b>	three business days prior to the implementation date of the Schemes or such other date agreed by the parties to the Consortium Formation Agreement provided that such date is at least 2 business days before the implementation date of the Schemes
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Independent Shareholders’ Approvals”</b>	the approval of the shareholders (excluding any shareholders with a material interest in the Joint Venture Transaction) of each of CKPH, CKI and PAH as required under the Listing Rules for authorising the Joint Venture Transaction by the Approval Determination Date, and each an <b>“Independent Shareholders’ Approval”</b>
<b>“Joint Venture Transaction”</b>	the transactions contemplated under the Consortium Formation Agreement and the Shareholders’ Agreement
<b>“JV Co”</b>	CK William UK Holdings Limited, a private limited liability company, which is incorporated under the laws of England, and an indirect holding company of Bidco
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Longstop Date”</b>	the date falling 18 months after the date of the Consortium Formation Agreement
<b>“Maximum Financial Commitment”</b>	in relation to a Consortium Member and its subsidiaries, the maximum financial commitment of such Consortium Member and its subsidiaries under the Joint Venture Transaction, based on the Scheme Consideration and the transaction costs, which for the avoidance of doubt, include the estimated adjustments to the total amount of Scheme Consideration, as more particularly described under <i>“3. Scheme Implementation Agreement – (b) Implementation of the Schemes”</i> in this announcement

<b>“Midco 1”</b>	CK William Midco 1 Limited, a private limited liability company, which is incorporated under the laws of England, and which holds 40% of the equity interest in JV Co
<b>“Midco 2”</b>	CK William Midco 2 Limited, a private limited liability company, which is incorporated under the laws of England, and which holds 40% of the equity interest in JV Co
<b>“Midco 3”</b>	CK William Midco 3 Limited, a private limited liability company, which is incorporated under the laws of England, and which holds 20% of the equity interest in JV Co
<b>“Non-Continuing Member(s)”</b>	means: <ul style="list-style-type: none"> <li>(a) CKI, if one or both of the Independent Shareholders’ Approval(s) of CKPH and CKI is/are not obtained on the Approval Determination Date; and/or</li> <li>(b) PAH, if the Independent Shareholders’ Approval of PAH is not obtained on the Approval Determination Date</li> </ul>
<b>“PAH”</b>	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)
<b>“PAH Board”</b>	the board of PAH Directors
<b>“PAH Director(s)”</b>	the director(s) of PAH
<b>“PAH Group”</b>	PAH and its subsidiaries
<b>“PAH Holdco”</b>	PAH Gas Infrastructure Limited, an indirect wholly-owned subsidiary of PAH which is incorporated under the laws of England
<b>“percentage ratios”</b>	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
<b>“Pricing Period”</b>	the 10 trading days prior to 10 February 2017
<b>“Respective Proportion(s)”</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to CKPH, 40% ;</li> <li>(b) in relation to CKI, 40%; and</li> <li>(c) in relation to PAH, 20%</li> </ul>

<b>“Revised Respective Proportion(s)”</b>	<p>means:</p> <p>(a) in the event that PAH becomes a Non-Continuing Member:</p> <p style="padding-left: 20px;">(i) in relation to CKPH, 60%; and</p> <p style="padding-left: 20px;">(ii) in relation to CKI, 40%</p> <p>(b) in the event that CKI becomes a Non-Continuing Member:</p> <p style="padding-left: 20px;">(i) in relation to CKPH, 80%; and</p> <p style="padding-left: 20px;">(ii) in relation to PAH, 20%</p>
<b>“Schemes”</b>	the Company Schemes and the Trust Scheme
<b>“Scheme Booklet”</b>	the notice of meeting and explanatory memorandum to be prepared in respect of the Schemes in accordance with the terms and conditions of the Scheme Implementation Agreement and to be despatched by the Target to the Target Securityholders
<b>“Scheme Consideration”</b>	the consideration payable to the Target in accordance with the Scheme Implementation Agreement, which is AUD3.00 (equivalent to approximately HK\$17.19) per Target Security subject to adjustment in accordance with the terms of the Scheme Implementation Agreement, as more particularly set out under “3. <i>Scheme Implementation Agreement – (b) Implementation of the Schemes</i> ” in this announcement
<b>“Scheme Documents”</b>	the Scheme Implementation Agreement, the Scheme Booklet and the Deed Poll entered into in accordance with the terms and conditions of the Scheme Implementation Agreement
<b>“Scheme Implementation Agreement”</b>	the scheme implementation agreement dated 14 January 2017 and entered into by Bidco, DUECo, DIHL, DFL (in its personal capacity and as the responsible entity of DFT) and by CKPH, CKI and PAH (each in the capacity as guarantor) in respect of the Schemes
<b>“Shareholders’ Agreement”</b>	the shareholders’ agreement to be entered into between CKPH, CKI, PAH, the Consortium Holdcos and JV Co to govern the shareholder relationship in JV Co as well as the downstream businesses of the Target
<b>“Shares”</b>	ordinary shares in the capital of: <p style="padding-left: 20px;">(a) CKPH with a nominal value of HK\$1.00 each;</p> <p style="padding-left: 20px;">(b) CKHH with a nominal value of HK\$1.00 each;</p> <p style="padding-left: 20px;">(c) CKI with a nominal value of HK\$1.00 each; or</p> <p style="padding-left: 20px;">(d) PAH</p>
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“substantial shareholder”</b>	has the meaning ascribed to such term in the Listing Rules
<b>“Target”</b>	collectively, DFL, DFT, DIHL and DUECo or any one or more of them (as the context requires)



<b>“Target Distributions”</b>	shall have the meaning given to it under “3. <i>Scheme Implementation Agreement – (b) Implementation of the Schemes</i> ” in this announcement
<b>“Target Group”</b>	the Target and its subsidiaries
<b>“Target Scheme Meetings”</b>	the meetings of the shareholders of DIHL, DFL and DUECo to consider the Company Schemes, and the meeting of the unitholders of DFT to consider the Trust Scheme
<b>“Target Securities”</b>	all of the shares in issue of DUECo, DIHL and DFL and all of the units in DFT, the stapled securities of the Target (comprising issued, fully paid ordinary shares in each of DUECo, DFL and DIHL and ordinary units in DFT) which are listed on the ASX (ASX Code: DUE)
<b>“Target Securityholders”</b>	each person registered as the holder of Target Securities
<b>“Trust”</b>	comprises four discretionary trusts and two unit trusts. 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
<b>“Trust Scheme”</b>	the arrangement made in accordance with Guidance Note 15 (Trust Scheme Mergers) issued by the Takeovers Panel of Australia, under which Bidco will acquire all of the fully paid ordinary units in DFT from Target Securityholders subject to the relevant approvals of the members of DFT
<b>“VWAP”</b>	volume weighted average price
<b>“%”</b>	per cent

*Note: The figures in “AUD” are converted into HK\$ at the rate of AUD1.00 : HK\$5.73 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 CKPH Board  
**CHEUNG KONG PROPERTY  
HOLDINGS LIMITED**  
**Eirene Yeung**  
*Company Secretary*

By order of the CKHH Board  
**CK HUTCHISON  
HOLDINGS LIMITED**  
**Edith Shih**  
*Executive Director  
and Company Secretary*

By order of the CKI Board  
**CHEUNG KONG INFRASTRUCTURE  
HOLDINGS LIMITED**  
**Eirene Yeung**  
*Company Secretary*

By order of the PAH Board  
**POWER ASSETS HOLDINGS LIMITED**  
**Alex Ng**  
*Company Secretary*

Hong Kong, 16 January 2017

*As at the date of this announcement, the CKPH 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, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Simon MURRAY and Mr. YEH Yuan Chang, Anthony as Independent Non-executive Directors.*

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

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

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