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CONNECTED TRANSACTION

SALE OF COMPANIES ENGAGED IN AIRCRAFT LEASING BUSINESS

The Board announces that on 2 December 2016, CKHH Sub (a wholly-owned subsidiary of the Company) and CKP Sub (a wholly-owned subsidiary of CKP) entered into the Sale and Purchase Agreement, pursuant to which CKHH Sub agreed to sell and CKP Sub agreed to purchase (i) the CK Capital Sale Shares (representing the entire issued share capital of CK Capital) for a consideration of approximately US\$973 million (approximately HK\$7,550 million) (subject to adjustments); and (ii) the Harrier Global Sale Share (representing the entire issued share capital of Harrier Global) for a cash consideration of approximately US\$5 million (approximately HK\$39 million) (subject to adjustments).

The consideration for the CK Capital Sale Shares is to be satisfied as to approximately US\$172 million (approximately HK\$1,335 million) by way of the assumption by CKP Sub of the existing liability of CKHH Sub under the CK Capital Loan, and as to the balance to be settled in cash by CKP Sub. The consideration for the Harrier Global Sale Share is to be settled wholly in cash by CKP Sub.

CK Capital is an investment holding company, the subsidiaries of which invest in owning and leasing of aircraft or ancillary businesses. As at the date of this announcement, the CK Capital Group owns a portfolio of 43 aircraft. Harrier Global owns 50% of the issued shares of Vermillion. The remaining issued shares of Vermillion are owned by MCAP as to 40%, and by a wholly-owned subsidiary of LKSOF as to 10%. As at the date of this announcement, the Vermillion Group owns a portfolio of 22 aircraft and has commitment to acquire another 8 aircraft.

Subject to the fulfilment of the Conditions Precedent, Completion is expected to take place within two months from the date of the Sale and Purchase Agreement. Completion of the sale of the CK Capital Sale Shares and completion of the sale of the Harrier Global Sale Share are conditional upon each other, and are to take place at the same time. Upon Completion, each of CK Capital and Harrier Global will cease to be a subsidiary of the Company.

As disclosed in the announcement of the Company dated 4 June 2015, the Stock Exchange deemed each of CKP and the Company to be a connected person of the other. Accordingly, the entering into of the Transactions between CKP Sub and CKHH Sub constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the Transactions exceeds 0.1% but is less than 5%, the Transactions are subject to the reporting and announcement requirements but exempt from requirements relating to circular, appointment of independent financial adviser and independent shareholders' approval under Chapter 14A of the Listing Rules.

The major terms of the Sale and Purchase Agreement and some other information relating to the Transactions are set out below.

THE SALE AND PURCHASE AGREEMENT

Date : 2 December 2016.

Parties : (1) CKHH Sub, an indirect wholly-owned subsidiary of the Company, as vendor.
(2) CKP Sub, as purchaser.

Subject matter : CKHH Sub agreed to sell to CKP Sub (i) the CK Capital Sale Shares; and (ii) the Harrier Global Sale Share.

The CK Capital Sale Shares represent the entire issued share capital of CK Capital. The Harrier Global Sale Share represents the entire issued share capital of Harrier Global.

Consideration : The consideration for the CK Capital Sale Shares is approximately US\$973 million (approximately HK\$7,550 million), subject to adjustments in accordance with the Sale and Purchase Agreement (with the upward adjustment, if any, limited to a maximum of US\$8 million (approximately HK\$62 million)).

The consideration for the Harrier Global Sale Share is approximately US\$5 million (approximately HK\$39 million), subject to adjustments in accordance with the Sale and Purchase Agreement (with the upward adjustment, if any, limited to a maximum of US\$3 million (approximately HK\$23 million)).

The consideration for the CK Capital Sale Shares is to be satisfied as to approximately US\$172 million (approximately HK\$1,335 million) by way of the assumption by CKP Sub of the existing liability of CKHH Sub under the CK Capital Loan, and as to the balance to be settled in cash by CKP Sub. The consideration for the Harrier Global Sale Share is to be settled wholly in cash by CKP Sub.

The amount of the consideration for each of the Transactions was negotiated and determined by the parties on an arm's length basis after taking into consideration respectively, among others, the consolidated net book value of the CK Capital Group, and the net book value of Harrier Global and with reference to the price to book ratio of a number of established public companies engaged in the aircraft ownership and leasing business, the securities of which are listed on securities markets.

Settlement terms and price adjustments : The consideration in respect of each of the Transactions will be settled in full at Completion, subject to adjustments in respect of net assets of the CK Capital Group and Harrier Global, by reference to completion accounts to be prepared in accordance with the Sale and Purchase Agreement.

The adjustment amounts shall be settled within 10 business days of the determination of the net assets of the CK Capital Group and Harrier Global with reference to the completion accounts mentioned above.

Conditions Precedent : Completion of the Transactions is conditional upon the fulfillment (or waiver by CKP Sub, as applicable) of the following conditions:

- (a) all Consents from any government authority, whether of Hong Kong or elsewhere, or any other third parties which may be required in connection with the transactions contemplated under the Sale and Purchase Agreement under any existing contractual arrangements, including loan and other finance documentation, or any applicable laws, rules and regulations having been obtained and where any Consent is subject to conditions, such conditions being reasonably satisfactory to CKP Sub and CKHH Sub; and
- (b) the representations, warranties and undertakings given by CKHH Sub under the Sale and Purchase Agreement remaining true and accurate and not misleading as of the date of Completion by reference to the facts and circumstances subsisting as at that date.

If any of the Conditions Precedent (which have not previously been waived by CKP Sub) have not been fulfilled on 31 March 2017 (or such later date as CKHH Sub and CKP Sub may agree), the Sale and Purchase Agreement shall lapse.

Completion : Completion is to take place on the 7th business day after all the Conditions Precedent have either been fulfilled or waived (or on such other date as CKHH Sub and CKP Sub may agree).

Subject to the fulfilment of the Conditions Precedent, Completion is expected to take place within two months from the date of the Sale and Purchase Agreement. Completion of the sale of the CK Capital Sale Shares and completion of the sale of the Harrier Global Sale Share are conditional upon each other, and are to take place at the same time.

Upon Completion, each of CK Capital and Harrier Global will cease to be a subsidiary of the Company.

As a result, upon Completion, a US\$150 million (approximately HK\$1,164 million) several guarantee currently provided by the Company in respect of bank borrowings of a number of subsidiaries of Vermillion will be replaced by another guarantee of the same amount to be provided by CKP.

INFORMATION ON THE CK CAPITAL GROUP

CK Capital was established in 2014 as an indirect wholly-owned subsidiary of CKH, and is an investment holding company, the subsidiaries of which invest in the owning and leasing of aircraft or ancillary businesses. As at the date of this announcement, the CK Capital Group owns a portfolio of 43 aircraft. The CK Capital Group became indirect subsidiaries of the Company as part of the Reorganisation in 2015.

Set out below is certain unaudited financial information of the CK Capital Group for the period from 25 June 2014 (date of incorporation) to 31 December 2014 and the year ended 31 December 2015:

	<i>For the period ended 31 December 2014 (in million)</i>	<i>For the year ended 31 December 2015 (in million)</i>
Consolidated profit before taxation	US\$14.05 (approximately HK\$109.03)	US\$77.29 (approximately HK\$599.77)
Consolidated profit after taxation	US\$14.52 (approximately HK\$112.68)	US\$79.78 (approximately HK\$619.09)

Note: For the period from 25 June 2014 (date of incorporation) to 31 December 2014 and the year ended 31 December 2015, the consolidated profit after tax is higher than the consolidated profit before tax, due to the deferred tax credit to the profit and loss account.

The unaudited consolidated net assets of the CK Capital Group as at 31 December 2015 was approximately US\$1,094 million (approximately HK\$8,489 million).

INFORMATION ON HARRIER GLOBAL AND THE VERMILLION GROUP

Harrier Global was established in 2014 as an indirect wholly-owned subsidiary of CKH, and acquired the 50% of the issued shares of Vermillion in January 2015. The remaining issued shares of Vermillion are owned by MCAP as to 40%, and by a wholly-owned subsidiary of LKSO as to 10%. As at the date of this announcement, the Vermillion Group owns a portfolio of 22 aircraft and has commitment to acquire another 8 aircraft. Harrier Global became an indirect subsidiary of the Company as part of the Reorganisation in 2015.

Set out below is certain unaudited financial information of Harrier Global for the period from 16 July 2014 (date of incorporation) to 31 December 2014 and the year ended 31 December 2015:

	<i>For the period ended 31 December 2014 (in million)</i>	<i>For the year ended 31 December 2015 (in million)</i>
(Loss) profit before and after taxation	(US\$0.28) (approximately (HK\$2.17))	US\$6.05 (approximately HK\$46.95)

Note: For the year ended 31 December 2015, the share of net profit of the Vermillion Group was recognised in the profit and loss account of Harrier Global.

The unaudited net assets of Harrier Global as at 31 December 2015 was approximately US\$6 million (approximately HK\$47 million).

INFORMATION ON THE PARTIES INVOLVED IN THE TRANSACTIONS

CKP Sub is an investment holding company, directly wholly-owned by CKP. The CKP Group is principally engaged in property development and investment, hotel and serviced suite operation, and property and project management.

CKHH Sub is an investment holding company, indirectly wholly-owned by the Company. The Group is principally engaged in five core businesses - ports and related services, retail, infrastructure, energy, and telecommunications.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The Transactions recognise that:

- (1) the aircraft leasing business is by its nature a specialised financial asset management business that is not aligned with the core competencies of the Company either as a treasury operation or an operating business;
- (2) the aircraft leasing assets were originated and administered by a specialised unit (the “Specialised Unit”) of the treasury group of CKH which since the Reorganisation has continued to administer such assets as a separate unit at CKP;
- (3) the aircraft leasing assets as a result were never integrated into the treasury operation or other operating businesses of the Company; and
- (4) the Transactions are being effected on fair and reasonable terms that reflect, inter alia, the fact that:
 - (a) all staff of the Specialised Unit remained intact at CKP;
 - (b) since the Reorganisation no decisions to acquire additional aircraft leasing assets have been made by the Company;
 - (c) additional aircraft leasing assets had been acquired by CKP since the Reorganisation, and
 - (d) the Company has no intention to invest in aircraft leasing assets in the future.

The management of the Company is of the view that the Transactions will reinforce the clear distinction between the businesses of the Company and CKP which is a principal objective of the Reorganisation. Separate focuses between the two groups would be maintained and a potential conflict of interest between the two groups would be eliminated going forward.

The assets will be disposed at book value consistent with trading comparables of similar assets and no gain or loss will arise from the Transactions. The net proceeds from the Transactions are intended to be used by the Group as general working capital.

The Board (including its independent non-executive directors) are of the view that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the Transactions, they abstained from approving the resolutions of the Board in relation to the Transactions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.16% of the issued share capital of the Company. In addition, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.26% of the issued share capital of CKP. As disclosed in the announcement of the Company dated 4 June 2015, the Stock Exchange deemed each of CKP and the Company to be a connected person of the other. Accordingly, the entering into of the Transactions between CKP Sub and CKHH Sub constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the Transactions exceeds 0.1% but is less than 5%, the Transactions are subject to the reporting and announcement requirements but exempt from requirements relating to circular, appointment of independent financial adviser and independent shareholders' approval under Chapter 14A of the Listing Rules.

Although the Transactions are connected transaction, the interests held by the Trusts, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor directly and/or indirectly in the Company as a whole and in CKP as a whole are substantially the same. As far as the Trusts, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are concerned, they are neutral as regards the respective interests of the two groups in the Transactions.

DEFINITIONS

“Board”	the board of directors of the Company
“CK Capital”	CK Capital Limited, a limited liability company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of CKHH Sub
“CK Capital Group”	CK Capital and its subsidiaries
“CK Capital Loan”	a loan in the principal amount of approximately US\$172 million (approximately HK\$1,335 million) currently owing by CKHH Sub to CK Capital which is non-interest bearing and has no fixed repayment term
“CK Capital Sale Shares”	1,000,000,000 issued shares in CK Capital held by CKHH Sub, representing the entire issued share capital of CK Capital
“CKH”	Cheung Kong (Holdings) Limited (長江實業(集團)有限公司), a limited liability company incorporated in Hong Kong, the listing status of which on the Stock Exchange was replaced by the Company, and which became a wholly-owned subsidiary of the Company, on 18 March 2015

“CKHH Sub”	CK Capital Investment Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“CKP”	Cheung Kong Property Holdings Limited 長江實業地產有限公司, a company incorporated in the Cayman Islands, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1113)
“CKP Group”	CKP and its subsidiaries
“CKP Sub”	Accipiter Investments Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of CKP
“Company”	CK Hutchison Holdings Limited 長江和記實業有限公司, a company incorporated in the Cayman Islands, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1)
“Completion”	completion of the Transactions pursuant to the Sale and Purchase Agreement
“Conditions Precedent”	the conditions to which Completion is subject, as set out in the section “ <i>The Sale and Purchase Agreement – Conditions Precedent</i> ” above
“connected person”	has the meaning ascribed to such expression under the Listing Rules
“Consents”	any licence, consent, approval, authorization, permission, clearance, waiver, order or exemption (whether governmental or otherwise) required from any relevant government authority or any third parties under applicable laws, rules or regulations or otherwise
“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
“Group”	the Company and its subsidiaries

“Harrier Global”	Harrier Global Limited, a limited liability company incorporated in the British Virgin Islands, which is currently a direct wholly-owned subsidiary of CKHH Sub
“Harrier Global Sale Share”	1 issued share in Harrier Global held by CKHH Sub, representing the entire issued share capital of Harrier Global
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LKSOFF”	Li Ka Shing (Overseas) Foundation, a company limited by guarantee and incorporated in the Cayman Islands
“MCAP”	MC Aviation Partners Inc, a company organised and existing under the laws of Japan, and an existing shareholder of Vermillion interested in 40% of the issued shares of Vermillion
“Reorganisation”	the reorganisation of CKH and Hutchison Whampoa Limited that merged their assets and businesses in the Company and simultaneously reallocated them between the Company and CKP in 2015
“Sale and Purchase Agreement”	a sale and purchase agreement dated 2 December 2016 entered into between CKP Sub and CKHH Sub relating to the sale and purchase of (i) the CK Capital Sale Shares, and (ii) the Harrier Global Sale Share
“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
“Transactions”	the sale and purchase of the CK Capital Sale Shares and Harrier Global Sale Share between CKP Sub and CKHH Sub as contemplated under the Sale and Purchase Agreement
“Trust”	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them

“US\$”	United States dollars, the lawful currency of the United States of America
“UT1”	The Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust
“Vermillion”	Vermillion Aviation Holdings Limited, a joint venture company the issued shares of which are owned by Harrier Global as to 50%
“Vermillion Group”	Vermillion and its subsidiaries
“%”	per cent.

In this announcement, US\$ has been converted to HK\$ at the rate of US\$1 = HK\$7.76 for illustrative purpose only.

By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 2 December 2016

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

Executive Directors:

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*)

Non-executive Directors:

Mr CHOW Kun Chee, Roland
 Mr LEE Yeh Kwong, Charles
 Mr LEUNG Siu Hon
 Mr George Colin MAGNUS

Independent Non-executive Directors:

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
 Dr WONG Yick-ming, Rosanna