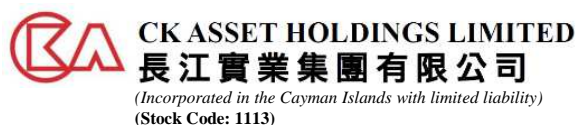


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**CONNECTED TRANSACTION AND  
MAJOR TRANSACTION**



**CONNECTED TRANSACTION**



**CONNECTED TRANSACTION AND  
DISCLOSEABLE TRANSACTION**



**CONNECTED TRANSACTION AND  
DISCLOSEABLE TRANSACTION**

**PROPOSED ACQUISITION BY BIDCO BY WAY OF THE TRUST SCHEMES OF  
ALL OF THE STAPLED SECURITIES IN ISSUE OF APA  
WHICH ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE  
AND FORMATION OF JOINT VENTURE**

**Introduction**

Reference is made to the announcement of CKA, CKHH, CKI and PAH on 13 June 2018 in relation to the submission of a non-binding indicative and conditional proposal for a consortium of CKA, CKI and PAH or CKA to acquire all of the stapled securities in issue of the Target.

**Acquisition and Joint Venture Transaction**

The CKA Board, the CKI Board, the PAH Board and the CKHH Board jointly announce that on 12 August 2018, a consortium comprising CKA, CKI and PAH entered into the Implementation Agreement with Bidco and the Target to implement the Acquisition (comprising the acquisition of all of the stapled securities in issue of the Target).

In connection with the Acquisition, CKA, CKI and PAH, being the Consortium Members, have also entered into the Consortium Formation Agreement on 12 August 2018 pursuant to which, subject to the fulfilment of certain conditions, the relevant Consortium Members will enter into the Joint Venture Transaction to, among other things, form the Consortium, enter into the Shareholders' Agreement and indirectly fund the Acquisition by Bidco according to the Respective Proportions or the Revised Respective Proportions (as the case may be).

CKI's and PAH's participation in the Joint Venture Transaction are subject to, amongst other conditions, obtaining the necessary JV Transaction Shareholders' Approvals. If such conditions are not fulfilled, the Joint Venture Transaction will not proceed and CKA will, subject to obtaining the CKA Transaction Shareholders' Approval and the fulfilment of certain conditions, proceed with the Acquisition alone. If the necessary JV Transaction Shareholders' Approval in respect of only one of CKI's or PAH's participation in the Joint Venture Transaction is obtained, the composition of the Consortium shall be varied accordingly.

## **Implications under the Listing Rules**

The implications of the Acquisition and the Joint Venture Transaction (where applicable) for each of CKA, CKI, PAH and CKHH under the Listing Rules are as follows:

### ***(a) For CKA***

If CKA proceeds with the Acquisition alone (because none of the necessary JV Transaction Shareholders' Approvals are obtained or certain other conditions are not fulfilled and the Joint Venture Transaction does not proceed), as one or more of the applicable percentage ratios of CKA based on Scheme Consideration and the transaction costs under the Acquisition exceeds 25% but all are less than 100%, the Acquisition by CKA alone constitutes a major transaction for CKA and is subject to CKA's compliance with the announcement, notification and shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Acquisition proceeds under the Joint Venture Transaction, as one or more of the applicable percentage ratios of CKA based on the Maximum Financial Commitment of the CKA Group under the Joint Venture Transaction or the Scheme Consideration and the transaction costs under the Acquisition, as applicable, exceeds 25% but all are less than 100%, the Joint Venture Transaction also constitutes a major transaction for CKA and is subject to CKA's compliance with the announcement, notification and shareholders' approval requirements under Chapter 14 of the Listing Rules. In this circumstance, however, CKA shareholders which have a material interest in the Joint Venture Transaction must abstain from voting on the relevant shareholders' resolution regarding the Joint Venture Transaction under Chapter 14 of the Listing Rules.

CKHH has been deemed by the Stock Exchange to be a connected person of CKA under the Listing Rules. As CKHH currently holds approximately 71.93% of the issued share capital of CKI through its wholly-owned subsidiaries, CKI may also be regarded as a connected person of CKA by virtue of it being a subsidiary of CKHH. Therefore, the Joint Venture Transaction as between CKA and CKI also constitutes a connected transaction for CKA under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of CKA based on the Maximum Financial Commitment of the CKA Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKA and CKI is subject to CKA's compliance with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***(b) For CKI***

Under the Joint Venture Transaction, as one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group exceeds 5% but all are 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 that 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 31.71% of the issued share capital of CKA, CKA may be regarded as a connected person of CKI under the Listing Rules. Therefore, the Joint Venture Transaction as between CKA 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 CKA 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) For PAH**

Under the Joint Venture Transaction, as one or more of the applicable percentage ratios of PAH based on the Maximum Financial Commitment of the PAH Group exceeds 5% but all are 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 38.01% 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 31.71% of the issued share capital of CKA, CKA may also be regarded as a connected person of PAH under the Listing Rules. Therefore, the Joint Venture Transaction as between CKA, CKI and PAH (or as between CKA and PAH only) 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 CKA, CKI and PAH (or as between CKA and PAH only) 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**

CKA has been deemed by the Stock Exchange to be a connected person of CKHH under the Listing Rules. Accordingly, the entry into of the Joint Venture Transaction by CKI, which is a subsidiary of CKHH, with CKA constitutes a connected transaction for CKHH under Chapter 14A of 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 exceeds 0.1% but all are less than 5%, the Joint Venture Transaction as between CKA and CKI is subject to CKHH's compliance with the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Prior to the respective meetings of the shareholders of each of CKA, CKI and PAH for obtaining the JV Transaction Shareholders' Approvals and the issue of the relevant circulars, CKA, CKI and PAH will together determine and agree the final percentages making up the Respective Proportions and the Revised Respective Proportions and such final percentages shall be set out in the relevant circulars to be issued by CKA, CKI and PAH in connection with such meetings.

If the JV Transaction Shareholders' Approvals of CKA and CKI (respectively referred to in (a) and (b) above) are obtained, but the JV Transaction Shareholders' Approval of PAH (referred to in (c) above) is not obtained, the Joint Venture Transaction, subject to certain other conditions being fulfilled, will proceed with CKA and CKI in their Revised Respective Proportions.

If the JV Transaction Shareholders' Approvals of CKA and PAH (respectively referred to in (a) and (c) above) are obtained, but the JV Transaction Shareholders' Approval of CKI (referred to in (b) above) is not obtained, the Joint Venture Transaction, subject to certain other conditions being fulfilled, will proceed with CKA and PAH in their Revised Respective Proportions.

As mentioned in (a) above, if none of the necessary JV Transaction Shareholders' Approvals are obtained or certain other conditions are not fulfilled, the Joint Venture Transaction will not proceed and CKA will, subject to obtaining the CKA Transaction Shareholders' Approval and the fulfilment of certain conditions as set out below, proceed with the Acquisition alone.

### **General**

**As completion of the Acquisition and/or the Joint Venture Transaction is conditional on the satisfaction or waiver of certain conditions, including the obtaining of the CKA Transaction Shareholders' Approval or the JV Transaction Shareholders' Approvals (as applicable), there remains the possibility that the Acquisition and/or the Joint Venture Transaction may not proceed. The final percentage interests of CKA, CKI and PAH in the Joint Venture Transaction are subject to change depending on agreement amongst CKA, CKI and PAH on the Respective Proportions and the Revised Respective Proportions and the obtaining of the JV Transaction Shareholders' Approvals. Shareholders and potential investors should exercise caution when dealing in the Shares and other securities of CKA, CKI, PAH and CKHH.**

## **1. INTRODUCTION**

Reference is made to the announcement of CKA, CKHH, CKI and PAH on 13 June 2018 in relation to the submission of a non-binding indicative and conditional proposal for a consortium of CKA, CKI and PAH or CKA to acquire all of the stapled securities in issue of the Target.

The CKA Board, the CKI Board, the PAH Board and the CKHH Board jointly announce that on 12 August 2018, a consortium comprising CKA, CKI and PAH entered into the Implementation Agreement with Bidco and the Target to implement the Acquisition.

In connection with the Acquisition, CKA, CKI and PAH, being the Consortium Members, have also entered into the Consortium Formation Agreement on 12 August 2018 pursuant to which, subject to the fulfilment of certain conditions, the relevant Consortium Members will enter into the Joint Venture Transaction to, among other things, form the Consortium, enter into the Shareholders' Agreement and indirectly fund the Acquisition by Bidco according to the Respective Proportions or the Revised Respective Proportions (as the case may be).

CKI's and PAH's participation in the Joint Venture Transaction are subject to, amongst other conditions, obtaining the necessary JV Transaction Shareholders' Approvals. If such conditions are not fulfilled, the Joint Venture Transaction will not proceed and CKA will, subject to obtaining the CKA Transaction Shareholders' Approval and the fulfilment of certain conditions, proceed with the Acquisition alone. If the necessary JV Transaction Shareholders' Approvals in respect of only one of CKI's or PAH's participation in the Joint Venture Transaction are obtained, the composition of the Consortium shall be varied accordingly. The major terms of the Acquisition and the Joint Venture Transaction are set out below.

## **2. ACQUISITION**

On 12 August 2018, the Consortium Members, Bidco and the Target entered into the Implementation Agreement in connection with the Acquisition. The Acquisition and the Implementation Agreement are not conditional on the completion of the Joint Venture Transaction but are conditional upon obtaining the CKA Transaction Shareholders' Approval and the fulfilment of certain other conditions as set out in the Implementation Agreement.

If the conditions to the Joint Venture Transaction are not fulfilled and the Joint Venture Transaction does not proceed:

- (i) the Consortium will not be formed and Bidco will remain wholly-owned by CKA;
- (ii) CKI's and PAH's participation in the Acquisition, including to provide guarantees in respect of the relevant obligations of Bidco under the Implementation Agreement as set out in paragraph 2.4 below, will lapse;
- (iii) subject to CKA obtaining the CKA Transaction Shareholders' Approval and the Trust Schemes becoming effective, CKA will proceed with the Acquisition on the terms and conditions of the Implementation Agreement alone;
- (iv) the guarantee in respect of the relevant obligations of Bidco under the Implementation Agreement as set out in paragraph 2.4 below will be provided solely by CKA (namely, as to 100%);
- (v) the Scheme Consideration and transaction costs and estimated stamp duty payable by CKA under the Implementation Agreement will be up to AUD13,166 million (equivalent to approximately HK\$76,363 million); and
- (vi) CKA intends to finance the Scheme Consideration and transaction costs under the Implementation Agreement from its internal resources and/or external borrowings.

The principal terms of the Implementation Agreement are as follows:

### **2.1 The outline of the Trust Schemes**

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

- (i) all of the Target Securities will be transferred to Bidco in accordance with the terms of the Trust 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 Trust Schemes.

## 2.2 Implementation of the Trust Schemes

Target RE agrees to take all reasonable steps to implement the Trust Schemes. Bidco and the Consortium Members agree to take all reasonable steps to assist Target RE in the implementation of the Trust Schemes and, if the Trust Schemes become effective, to pay the Scheme Consideration. The implementation of the Trust Schemes is subject to certain conditions as described in paragraph 2.3 below.

Based on the Scheme Consideration of AUD11.00 (equivalent to approximately HK\$63.80) per Target Security held by a Target Securityholder and the total number of Target Securities currently in issue, being 1,179,893,848 Target Securities as at the date of this announcement, the Scheme Consideration for all the Target Securities would be approximately AUD12,979 million (equivalent to approximately HK\$75,278 million). The Scheme Consideration was determined based on the Consortium's valuation of the Target's businesses. Target RE must pay to the Target Securityholders a cash distribution for the six months ended 30 June 2018 (the "**30 June 2018 Distribution**"), up to AUD0.24 (equivalent to approximately HK\$1.39) per Target Security and no adjustment will be made to the Scheme Consideration payable by Bidco as a result of the 30 June 2018 Distribution.

If the Trust Schemes are implemented after 31 December 2018, Target RE may pay to the Target Securityholders a cash distribution of up to AUD0.04 (equivalent to approximately HK\$0.23) per Target Security for each full calendar month between 31 December 2018 up to, and including, the date the Trust Schemes are implemented (except that in respect of March 2019, if the Trust Schemes are implemented on or after 29 March 2019, AUD0.04 (equivalent to approximately HK\$0.23) per Target Security shall be payable for March 2019) (the "**Special Distribution**"). No adjustment will be made to the Scheme Consideration payable by Bidco as a result of the Special Distribution.

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

## 2.3 Conditions to the Trust Schemes

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

2.3.1 either:

- (i) the Treasurer of the Commonwealth of Australia (or his delegate) provides a written no objection notification under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (the "**FIRB Act**") to the Acquisition either without conditions or subject only to (a) tax-related conditions which are in the form, or substantially in the form, of those set out in Part A of Attachment A of FIRB Guidance Note 47 on 'Tax Conditions' (in the form released on 24 November 2016) and (b) any conditions that Bidco reasonably considers to be acceptable; or
- (ii) following notice of the Acquisition having been given by Bidco to the Treasurer of the Commonwealth of Australia under the FIRB Act, the Treasurer has ceased to become empowered to make any order under Part 3 of the FIRB Act because the applicable time limited on making orders and decisions under the FIRB Act has expired;

- 2.3.2 ASIC and ASX issue or provide any consents or approvals, or do any other acts, which Target RE and Bidco agree are reasonably necessary or desirable to implement the Trust Schemes, and those consents, approvals or other acts have not been withdrawn or revoked at that time, including:
- (i) ASIC granting a modification of item 7 of section 611 of the Corporations Act allowing the Target Securityholders (other than those excluded from voting because they are associates of Bidco) to vote in favour of the implementation of the Trust Schemes at the Target Scheme Meeting;
  - (ii) Target RE obtaining relief from the requirement to provide a financial services guide in connection with the Explanatory Memorandum;
  - (iii) ASIC granting relief from prohibitions on making unsolicited offers to acquire Target Securities under the Acquisition under the Corporations Act; and
  - (iv) ASX confirming that it does not object to the proposed amendments to the constitutions of APT and APTIT to be made in connection with the implementation of the Trust Schemes;
- 2.3.3 ACCC advises Bidco in writing that it does not intend to oppose the Acquisition or does not intend to oppose the Acquisition subject to undertakings, commitments or conditions that Bidco reasonably considers to be acceptable, and that advice has not been withdrawn or revoked;
- 2.3.4 the EC Approval is obtained;
- 2.3.5 the Target Securityholders approve the following resolutions by the requisite majorities at the Target Scheme Meeting in accordance with the Corporations Act:
- (i) in respect of each of APT and APTIT, an ordinary resolution to approve the Acquisition for the purposes of item 7 of section 611 of the Corporations Act including the acquisition of a relevant interest in all the Target Securities by Bidco; and
  - (ii) conditional on the ordinary resolution referred to in sub-paragraph (i) above being duly approved, in respect of each of APT and APTIT, a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve certain amendments to the constitutions of each of APT and APTIT which are required for the implementation of the Trust Schemes;
- 2.3.6 Target RE obtains confirmations from the Court under section 63 of the *Trustee Act 1925* (NSW) confirming, amongst other things, that:
- (i) Target RE would be justified in convening the Target Scheme Meeting; and
  - (ii) Target RE would be justified in proceeding to implement the Trust Schemes (the “**Second Judicial Advice**”);
- 2.3.7 the CKA Transaction Shareholders’ Approval is obtained by the date that is seven days before the date of the Target Scheme Meeting;

- 2.3.8 no Court or regulatory authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise prohibiting, materially restricting, making illegal or restraining the implementation of the Trust Schemes, or taken any material enforcement action or announced or commenced any investigation against or involving a member of the Target Group, Bidco or the Consortium Members or any of their subsidiaries, and no such order, decree, ruling, other action or refusal is in effect as at 8:00 a.m. (Sydney time) on the date on which the Second Judicial Advice is obtained;
- 2.3.9 the Independent Expert provides the independent expert's report to the Target, stating that in its opinion the Trust Schemes are fair and reasonable and in the best interests of Target Securityholders before the date on which the Explanatory Memorandum is provided to ASIC, and the Independent Expert does not change that opinion or withdraw its independent expert's report prior to the Target Scheme Meeting;
- 2.3.10 none of the "Target Prescribed Events", which are events (including those set out below) specifically set out in the Implementation Agreement, occurs between the date of the Implementation Agreement and 8:00 a.m. (Sydney time) on the date on which the Second Judicial Advice is obtained:
- (i) Target RE converts all or any of the Target Securities into a larger or smaller number of securities, or a resolution is passed to do so;
  - (ii) any member of the Target Group reduces, or resolves to reduce, its capital in any way, or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its securities, other than to effect a distribution of cash from:
    - (a) a wholly-owned subsidiary of Target to its immediate holding entity or entities within the Target Group; or
    - (b) a Target Joint Venture Entity to its securityholders on a pro rata basis;
  - (iii) any member of the Target Group buys back or agrees to buy back any of its securities, other than for cash consideration payable by:
    - (a) a wholly-owned subsidiary of Target to its immediate holding entity or entities within the Target Group; or
    - (b) a Target Joint Venture Entity to its securityholders on a pro rata basis;
  - (iv) Target RE makes or declares, or announces an intention to make or declare, any distribution in respect of Target Securities (whether by way of dividend, capital reduction or otherwise, and whether in cash or in specie), other than the 30 June 2018 Distribution and any Special Distribution;
  - (v) any member of the Target Group issues or agrees to issue units, equity securities, options over its units or equity securities, or instruments convertible into its units or equity securities, or issues or agrees to issue any other form of equity instrument, other than:
    - (a) to an entity, all the issued shares or units of which are owned by one or more members of the Target Group, or
    - (b) where the issuing entity is a Target Joint Venture Entity, an issuance by the entity to its securityholders on a pro-rata basis (including where the members of the Target Group who directly own an interest in a Target Joint Venture Entity subscribes, on a pro rata basis, for any additional securities as a result of other members in the Target Joint Venture Entity not taking up their full entitlement), to fund the operation of the Target Joint Venture Entity in the ordinary course of its business;



- (vi) Target RE or the Target adopts a new constitution, makes any material change or repeals its respective constitution or a provision of it (other than pursuant to the amendments required for the implementation of the Trust Schemes);
- (vii) any member of the Target Group acquires or disposes of, agrees to acquire or dispose of, or offers, proposes, announces a bid or tenders for, any asset, security, entity, business or undertaking (or similar business arrangement) (each an “**Asset/Business**”):
  - A. of any consideration or value, where the Asset/Business is, or involves assets or securities that are, located or issued outside of Australia; or
  - B. if sub-paragraph A. above does not apply, the total consideration or value of which exceeds AUD50 million (equivalent to approximately HK\$290 million) (either individually or, in the case of related businesses or classes of assets or a series of related transactions, collectively),
 

other than:

    - C. a lease, licence or acquisition of an Asset/Business (other than a security, entity, business or undertaking (or similar business arrangement)) in, or which is used in, the ordinary and usual course of business;
    - D. for a development or capital project which is one of the capital projects disclosed, or which is of a type consistent with the types or categories of capital projects disclosed, to Bidco prior to the date of the Implementation Agreement;
    - E. the acquisition or disposal of any financial Asset/Business (other than an entity, business or undertaking (or similar business arrangement)) or financial instrument located outside Australia or issued by an entity that is located outside Australia, in each case as part of the Target Group’s treasury management activities in the ordinary course and consistent with past practice;
    - F. the transfer of an Asset/Business (other than a security in a member of the Target Group) to or from a member of the Target Group (where no party to the transaction is a Target Joint Venture Entity); or
    - G. the transfer of a security in a member of the Target Group to or from a member of the Target Group (where no party to the transaction is a Target Joint Venture Entity) that Bidco has given its prior written consent to (such consent not to be unreasonably withheld);
- (viii) any member of the Target Group enters into, or materially varies or terminates, any contract that:
  - A. is not consistent with the Target Group's past practice or would reasonably be expected to result in a credit rating downgrade by Moody's Investor Services Limited or S&P Global Ratings of the Target Group;
  - B. generates, or is expected to generate, annual revenue for the Target Group in excess of AUD50 million (equivalent to approximately HK\$290 million) individually, or in excess of AUD150 million (equivalent to approximately HK\$870 million) when aggregated with all related contracts; or

- C. generates, or is expected to generate, gross annual expenditure for the Target Group in excess of AUD20 million (equivalent to approximately HK\$116 million) individually, or in excess of AUD100 million (equivalent to approximately HK\$580 million) when aggregated with all related contracts,

other than in relation to capital projects which have been disclosed, or which are of a type consistent with the types or categories of capital projects which have been disclosed, to Bidco prior to the date of the Implementation Agreement;

- (ix) any member of the Target Group enters into any commitments for capital expenditure on capital projects, other than commitments for capital expenditure on capital projects:
  - A. under a legally binding contract entered into by a member of the Target Group which has been disclosed to Bidco prior to the date of the Implementation Agreement; or
  - B. which have been disclosed, or which are of a type consistent with the types or categories of capital projects which have been disclosed, to Bidco prior to the date of the Implementation Agreement;
- (x) any member of the Target Group takes any action that is intended to result in any asset becoming subject to economic regulation by the Australian Energy Regulator, Economic Regulation Authority Western Australia or a similar body that is material to the Acquisition (taking into account the entirety of the operations of the Target Group);
- (xi) a claim is brought against any member of the Target Group (other than a frivolous or vexatious claim) which will or is likely to have an adverse effect on the Target in excess of AUD50 million (equivalent to approximately HK\$290 million) (excluding any amount recoverable, or reasonably considered to be recoverable, under a contract of insurance to which a member of the Target Group is a party) or if any member of the Target Group becomes the subject of regulatory prosecution that will or is likely to have an adverse effect on the Target in excess of AUD50 million (equivalent to approximately HK\$290 million) (excluding any amount recoverable, or reasonably considered to be recoverable, under a contract of insurance to which a member of the Target Group is a party) (either individually or in the case of related claims or a series of related claims, collectively); or
- (xii) the Target is delisted from ASX or the quotation on ASX of Target Securities is subject to suspension or cessation for five or more business days other than due to, or as a result of, an action taken by Bidco or a Consortium Member or at the request of the Target or Target RE arising from the need to provide information to ASX in connection with acquisition proposals relating to the Target or its material assets,

provided that a “Target Prescribed Event” will not occur (among other exceptions) where (a) the event is required or permitted by the Implementation Agreement, the Supplemental Deeds Poll or Deed Poll (as defined in the Implementation Agreement), the Acquisition or the transactions contemplated by either (b) the event has been disclosed to Bidco prior to the date of the Implementation Agreement, or (c) Target RE has first consulted with Bidco in relation to the event and Bidco or a Consortium Member has approved the proposed event or not objected to it within 5 business days of being so consulted, (d) the event is undertaken or implemented by, or occurs in relation to, a Target Joint Venture Entity, without being authorized or permitted by a member of the Target Group, or (e) a Target Joint Venture Entity enters into any financing arrangement, agreement or instrument in relation to the financing of a capital project which has been disclosed to the Bidco prior to the date of the Implementation Agreement; and

2.3.11 no “Target Material Adverse Change” occurs between the date of the Implementation Agreement and 8:00 a.m. (Sydney time) on the date on which the Second Judicial Advice is obtained, and “Target Material Adverse Change”, being an event, occurrence or matter that:

- (i) occurs after the date of Implementation Agreement;
- (ii) occurs before the date of the Implementation Agreement but is only announced or publicly disclosed after the date of the Implementation Agreement; or
- (iii) will or is likely to occur after the date of the Implementation Agreement and which has not been publicly announced prior to the date of the Implementation Agreement,

which has, has had or is reasonably likely to have, either individually or when aggregated with any event, occurrence or matters of a similar kind or category, the effect of (a) the consolidated net assets (but not including any diminution in intangible assets) of the Target Group, taken as a whole, being reduced by at least AUD500 million (equivalent to approximately HK\$2,900 million) against what it would reasonably be expected to have been but for that event, occurrence or matter; or (b) the consolidated earnings before interest, tax, depreciation and amortisation (excluding the value of any asset value adjustments) of the Target Group being reduced by at least AUD150 million (equivalent to approximately HK\$870 million) per financial year in any two or more financial years, but does not include:

- A. any matter required or permitted by the Implementation Agreement, the Supplemental Deeds Poll or Deed Poll (as defined in the Implementation Agreement), the Acquisition or the transactions contemplated by either;
- B. any matter disclosed to Bidco prior to the date of the Implementation Agreement (or which ought reasonably have been expected to arise from a matter, event or circumstance which was so disclosed);
- C. any matter, event or circumstance which arises from:
  - (a) changes in commodity prices, exchange rates or interest rates;
  - (b) general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), natural disaster or the like;

- (c) changes to accounting standards, laws or policies of a government agency in Australia; or
- (d) any law not in force as at the date of the Implementation Agreement or the application, or any change in the application or interpretation, by any regulatory authority of any law, requirement, obligation, principle, standard, policy, rule, regulation or administrative practice in respect of which any member of the Target Group is required to comply or which otherwise has any direct or indirect impact on a member of the Target Group,

but excludes any matter, event or circumstances which has a disproportionate effect on the Target Group, taken as a whole, as compared to other participants in the industries in which the Target Group operates; or

- D. any change occurring with the written consent of Bidco or any Consortium Member, or as a result of any action taken within the control of Bidco or any Consortium Member.

Pursuant to the Implementation Agreement, Bidco is required to use its reasonable endeavours to satisfy or procure satisfaction of the conditions set out in paragraphs 2.3.1, 2.3.3, 2.3.4 and 2.3.7 above, Target RE is required to use its reasonable endeavours to satisfy or procure satisfaction of the conditions set out in paragraphs 2.3.5, 2.3.6, 2.3.9, 2.3.10 and 2.3.11 above, and Bidco and Target RE are required to each use its respective reasonable endeavours to satisfy or procure the satisfaction of the conditions set out in paragraphs 2.3.2 and 2.3.8 above.

Bidco and Target RE may jointly waive any condition set out in paragraphs 2.3.2, 2.3.3, 2.3.6 and 2.3.8 above, Bidco may alone waive any condition set out in paragraphs 2.3.4, 2.3.7, 2.3.10 and 2.3.11 above, and Target RE may alone waive the condition set out in paragraph 2.3.9. The conditions set out in paragraphs 2.3.1 and 2.3.5 above may not be waived by either Bidco or Target RE.

The condition set out in paragraph 2.3.4 above will cease to apply and be automatically waived if the JV Transaction Shareholders' Approvals in respect of the Joint Venture Transaction are not obtained or if such condition is not satisfied or waived on or before the date that is seven days before the date of the Target Scheme Meeting.

The condition set out in paragraph 2.3.7 above will cease to apply and be automatically waived if the JV Transaction Shareholders' Approvals in respect of the Joint Venture Transaction and EC Approval are obtained.

Upon the Trust Schemes becoming effective, the Trust 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).

## **2.4 Guarantee**

Under the Implementation Agreement, each of the Consortium Members agrees to guarantee, on a several basis and in its Respective Proportion or Revised Respective Proportion (as applicable), the performance and observance by Bidco of all of the obligations of Bidco under the Implementation Agreement (including the payment of the Scheme Consideration and the reverse break fee as set out below). However, the obligations of CKI and PAH to provide the guarantees under the Implementation Agreement are conditional on the necessary JV Transaction Shareholders' Approvals are obtained. If the necessary JV Transaction Shareholders' Approvals are not obtained, Bidco shall remain an indirect wholly-owned subsidiary of CKA in which case CKA alone will provide the guarantee.

## 2.5 Exclusivity

Under the Implementation Agreement, Target RE has represented and warranted that, as at the date of that agreement, it is not in any negotiations or discussions in respect of any competing transaction. During the period from the date of the Implementation Agreement until the earlier of termination of the Implementation Agreement and the End Date, Target RE shall not (and shall procure its representatives shall not) directly or indirectly solicit, invite, encourage or initiate any competing transaction, or (subject to fiduciary duties or statutory obligations of the directors of Target RE) negotiate or enter into, or participate in, negotiations or discussions with any other person regarding a competing transaction.

## 2.6 Target break fee

Pursuant to the Implementation Agreement, Target RE has agreed to pay to Bidco a break fee of AUD130 million (equivalent to approximately HK\$754 million) if:

- (i) at least a majority of the directors of Target RE fail to recommend to the Target Securityholders that they vote in favour of the Trust Schemes or, having made such recommendation, withdraw their recommendation or adversely change their recommendation, provided that in each case Bidco has terminated the Implementation Agreement (except where (A) that failure is because the Independent Expert does not give an opinion that the Acquisition is fair and reasonable and in the best interests of the Target Securityholders (other than where the reason for that opinion is a competing transaction); (B) Target RE has validly terminated, or has the right to terminate, the Implementation Agreement due to Bidco being in material and unremedied breach of the Implementation Agreement; or (C) the conditions in paragraph 2.3 above are not satisfied other than as a result of a breach by Target RE of its obligation to use reasonable endeavours to procure satisfaction of such conditions); or
- (ii) a competing transaction is announced or made prior to the date on which the Second Judicial Advice is obtained and is completed within nine months of the Implementation Agreement being entered into.

In addition, Target RE has agreed to pay to Bidco a break fee of AUD50 million (equivalent to approximately HK\$290 million) if Bidco validly terminates the Implementation Agreement due to Target RE being in material and unremedied breach of the Implementation Agreement.

Upon payment by Target RE of the break fees, Target RE shall not have any further liabilities under the Implementation Agreement. The maximum aggregate liability of Target RE under or in connection with the Implementation Agreement is AUD50 million (equivalent to approximately HK\$290 million) or, if an AUD130 million (equivalent to approximately HK\$754 million) break fee is payable as described above, AUD130 million (equivalent to approximately HK\$754 million).

## 2.7 Recommendations and undertaking with respect to the CKA Transaction Shareholders' Approval

Pursuant to the Implementation Agreement, CKA has agreed to procure that:

- (i) the CKA Board states in the circular to be sent by CKA to its shareholders in connection with an extraordinary general meeting of CKA to consider the resolution for the CKA Transaction Shareholders' Approval (the "**CKA Circular**") that the CKA Board unanimously recommends that CKA shareholders approve the resolution for the CKA Transaction Shareholders' Approval, and must not change that recommendation unless the CKA Board determines that it must change the recommendation because of any fiduciary or statutory duties to CKA shareholders; and

- (ii) within five business days after the CKA Circular has been despatched to CKA shareholders, the trustees of the Trust and/or their relevant subsidiaries who are registered holders of the Trustee Shares, provide to the Target an irrevocable and unconditional undertaking to vote the Trustee Shares in favour of the resolution for the CKA Transaction Shareholders' Approval (the "**Voting Undertaking**").

## **2.8 Reverse break fee**

Pursuant to the Implementation Agreement, Bidco has agreed to pay to the Target a reverse break fee of AUD50 million (equivalent to approximately HK\$290 million) if:

- (i) both of the following occur: (A) CKA has not procured the Voting Undertaking or the trustees of the Trust and/or their relevant subsidiaries who are registered holders of the Trustee Shares fail to vote the Trustee Shares in favour of the resolution for the CKA Transaction Shareholders' Approval in accordance with the Voting Undertaking; and (B) the extraordinary general meeting of CKA to consider the resolution for the CKA Transaction Shareholders' Approval is held and the CKA Transaction Shareholders' Approval is not obtained; or
- (ii) Target RE validly terminates the Implementation Agreement due to Bidco being in material and unremedied breach of the Implementation Agreement.

Upon payment by Bidco of the reverse break fee, Bidco and the relevant Consortium Members shall not have any further liabilities under the Implementation Agreement. The maximum aggregate liability of Bidco and the Consortium Members under or in connection with the Implementation Agreement (other than the obligation to pay the Scheme Consideration if the Trust Schemes become effective) is AUD50 million (equivalent to approximately HK\$290 million).

## **2.9 End Date**

If the Trust 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 Target RE or Bidco has the right to terminate the Implementation Agreement.

## **2.10 Recommendation by and voting intentions of directors of Target RE**

Pursuant to the Implementation Agreement, Target RE has agreed to procure that:

- (i) the Target announcement to be released on the date of this announcement, as well as the Explanatory Memorandum, shall state that the directors of Target RE unanimously consider the Trust Schemes to be in the best interests of Target Securityholders and recommend that Target Securityholders approve the Trust Schemes, subject to the Independent Expert concluding, and continuing to conclude, that the Trust Schemes are fair and reasonable and in the best interests of Target Securityholders and subject also to there being no superior proposal for the Target; and
- (ii) Target RE shall use its best endeavours to ensure that no Target RE director changes such a recommendation, unless the provisos in paragraph (i) above applies or if the Target RE directors determine that they must change the recommendation because of any fiduciary or statutory duties to Target Securityholders.

### **3. JOINT VENTURE TRANSACTION**

#### **3.1 The Consortium Formation Agreement**

In connection with the Acquisition, on 12 August 2018, the Consortium Members entered into the Consortium Formation Agreement with, among others, JV Co, Consortium Midcos and Bidco in order to govern the formation of the Consortium, including the funding and operation of JV Co and Bidco for the purposes of the Acquisition. Formation of the Consortium is subject to obtaining the necessary JV Transaction Shareholders' Approvals and the fulfilment of certain conditions.

As of the date of this announcement, Bidco is an indirect wholly-owned subsidiary of JV Co, which is in turn owned by the Consortium Midcos. The Consortium Midcos are then wholly-owned by CKA Holdco, a wholly-owned subsidiary of CKA.

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

##### ***3.1.1 Participation of the Consortium Members – JV Transaction Shareholders' Approvals and EC Approval***

It is currently expected that CKA will have a 60% to 80% interest in the Consortium and each of CKI and PAH will have a 10% to 20% interest in the Consortium (such percentage interests being the Respective Proportions). If the JV Transaction Shareholders' Approval for either CKI's or PAH's participation is not obtained, the composition of the Consortium will change such that CKA will have a not less than 80% interest in the Consortium, with the balance being held by CKI or PAH (as applicable) (such percentage interests being the Revised Respective Proportions).

The respective meetings of the shareholders of each of CKA, CKI and PAH for obtaining the JV Transaction Shareholders' Approvals will be held in advance of the Funding Date. Prior to the respective meetings of the shareholders, CKA, CKI and PAH will together determine and agree the final percentages making up the Respective Proportions and the Revised Respective Proportions and such final percentages shall be set out in the relevant circulars to be issued by CKA, CKI and PAH in connection with such meetings.

If:

- (i) the JV Transaction Shareholders' Approvals of CKA and CKI and the EC Approval are obtained, subject to the fulfilment of certain conditions, CKI, through its wholly-owned subsidiary CKI Holdco, will acquire the entire issued share capital in the relevant Consortium Midcos (so as to allow CKI to hold its final Respective Proportion of interests in JV Co) from CKA Holdco. Following such acquisition, such relevant Consortium Midcos will become wholly-owned subsidiaries of CKI Holdco; and
- (ii) the JV Transaction Shareholders' Approvals of CKA and PAH and the EC Approval are obtained, subject to the fulfilment of certain conditions, PAH, through its wholly-owned subsidiary PAH Holdco, will acquire the entire issued share capital in the relevant Consortium Midcos (so as to allow PAH to hold its final Respective Proportion of interests in JV Co) from CKA Holdco. Following such acquisition, such relevant Consortium Midcos will become wholly-owned subsidiaries of PAH Holdco.

If the relevant Consortium Midcos become wholly-owned subsidiaries of CKI Holdco and PAH Holdco respectively, JV Co will be owned by CKA, CKI and PAH in the Respective Proportions or Revised Respective Proportions (as the case may be). In such case, the relevant Consortium Members, the Consortium Midcos and JV Co will enter into the Shareholders' Agreement, the principal terms of which are summarised under the section headed "3. Joint Venture Transaction – 3.2. The Shareholders' Agreement" below.

Thereafter, if the conditions precedent to the Trust Schemes becoming effective as set out in the section headed “2. *Acquisition – 2.3 Conditions to the Trust Schemes*” are satisfied or waived, each relevant Consortium Holdco (directly or indirectly, including through its wholly-owned Consortium Midco(s)) will contribute its Respective Proportion (or Revised Respective Proportion, as appropriate) of funding to JV Co by subscribing for additional shares in JV Co and/or providing loans to JV Co and/or its wholly-owned subsidiary, which will in turn provide funding down to Bidco to satisfy the Scheme Consideration and the transaction costs.

Please refer to the section headed “2. *Acquisition*” above for further details regarding the terms of the Acquisition.

Subject to the relevant JV Transaction Shareholders’ Approvals and the EC Approval being obtained, each of the relevant Consortium Members and Bidco agrees to use its best endeavours to procure that the Trust Schemes are implemented in accordance with the Implementation Agreement.

### **3.1.2 *Maximum Financial Commitment***

If all JV Transaction Shareholders’ Approvals and EC Approval are obtained and the Consortium shall comprise CKA, CKI and PAH, the Maximum Financial Commitment of CKA will be up to approximately AUD10,533 million (equivalent to approximately HK\$61,091 million), representing its maximum Respective Proportion of the Scheme Consideration and the transaction costs under the Implementation Agreement. If, however, any necessary JV Transaction Shareholders’ Approval is not obtained such that the Consortium shall comprise CKA and only one of CKI or PAH, CKA is expected to assume the Respective Proportion of the Non-Continuing Member. As a result, the Maximum Financial Commitment of CKA will be increased by the Respective Proportion of the Non-Continuing Member.

The Maximum Financial Commitment of each of CKI and PAH will be up to approximately AUD2,633 million (equivalent to approximately HK\$15,272 million), representing their maximum Respective Proportion (or maximum Revised Respective Proportion, as applicable) of the Scheme Consideration and the transaction costs under the Implementation Agreement.

Each of CKA, 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 Implementation Agreement from its internal resources and/or external borrowings.

If the Consortium is formed pursuant to the Joint Venture Transaction:

- (i) JV Co will be indirectly held by the relevant Consortium Members through the Consortium Midcos in the Respective Proportions (or Revised Respective Proportions, as applicable);
- (ii) (if either or both CKI and PAH are Consortium Members) the Target is intended to be accounted for as a joint venture by CKA in its consolidated financial statements;
- (iii) (if CKI is a Consortium Member) the Target is intended to be accounted for as a joint venture by CKI in its consolidated financial statements; and
- (iv) (if PAH is a Consortium Member) the Target is intended to be accounted for as a joint venture by PAH in its consolidated financial statements.

### **3.1.3 *Termination***

Among other things, the Consortium Formation Agreement will automatically terminate:

- (i) on the Longstop Date;



- (ii) if the JV Transaction Shareholders' Approvals of CKA, on the one hand, or the JV Transaction Shareholders' Approvals of both CKI and PAH, on the other hand, are not obtained on the Approval Determination Date;
- (iii) if EC Approval with respect to the Joint Venture Transaction and/or the Acquisition is not obtained on or before the date that is seven days before the date of the Target Scheme Meetings; or
- (iv) if the Implementation Agreement is terminated in accordance with its terms.

If the necessary JV Transaction Shareholders' Approvals and EC Approval are obtained, the Consortium Formation Agreement will also be terminated on the first business day following the indirect contribution of the relevant funding by each Consortium Midco to JV Co as described in paragraph 3.1.1 in this section above.

## **3.2 The Shareholders' Agreement**

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

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

### ***3.2.1 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 Holdco, through its relevant Consortium Midcos, shall have the right to procure the nomination of one director for appointment on the board of directors of JV Co in respect of each fixed percentage of the shares in JV Co it indirectly owns. Such percentage shall be agreed by the Consortium Members on or before the Shareholders' Agreement is entered into.

### ***3.2.2 Quorum***

The quorum for the transaction of business at any board meeting of JV Co shall be at least one director indirectly nominated by each relevant Consortium Member (through its Consortium Midco, as shareholder of JV Co) (unless a relevant Consortium Member procures its Consortium Midco to waive the quorum requirement to the extent that it relates to its nominated director(s) or if that Consortium Member, through its Consortium Midco, 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.

### ***3.2.3 Voting on board resolutions***

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 a fixed percentage of the total number of votes held by directors present and entitled to vote on the resolution. Such percentage shall be agreed by the Consortium Members on or before the Shareholders' Agreement is entered into. The matters subject to such special majority 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 wholly-owned 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 wholly-owned subsidiaries where the assets or business to be acquired have a value in excess of 2% of the enterprise value of JV Co and its subsidiaries as determined by the board of directors of JV Co from time to time;
- (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% (per annum in aggregate) of the enterprise value of JV Co and its subsidiaries as determined by the board of directors of JV Co from time to time.

#### ***3.2.4 Shareholder Reserved Matters***

In addition, a number of fundamental corporate actions are expressly reserved as shareholder matters. These include, among other things, amendments to JV Co's constitution and (save for certain exceptions) the allotment and issue of share or loan capital by JV Co. JV Co and its wholly-owned subsidiaries cannot take any of these actions unless the resolution is approved by shareholders of JV Co who together hold greater than a fixed percentage of the total number of votes held by shareholders of JV Co present and entitled to vote on the resolution. Such percentage shall be agreed by the Consortium Members on or before the Shareholders' Agreement is entered into.

#### ***3.2.5 Dividend and distribution policy***

Unless otherwise agreed as a shareholder reserved matter of JV Co, the dividend and distribution policy of JV Co and its wholly-owned subsidiaries 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.

#### ***3.2.6 Pre-emption rights***

Unless a Consortium Midco, as shareholder of JV Co, 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**"), such Consortium Midco must first offer these Sale Shares to the other 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 Midco 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.

#### 4. INFORMATION ON THE TARGET GROUP

The Target is an owner and operator of energy infrastructure assets in Australia, including: energy infrastructure (comprising gas transmission, gas storage and processing, gas-fired and renewable energy power generation businesses located across Australia), asset management services for the majority of the Target's energy investments and for third parties, and energy investments in unlisted entities. It consists of two separate entities, being APT and APTIT. The interests in these two entities (being the ordinary units in each of APT and APTIT) are traded together as stapled securities which are listed on the ASX (ASX Code: APA).

The principal assets currently owned and operated by the Target include:

- (a) Wallumbilla Gladstone Pipeline, a gas transmission pipeline in Queensland, Australia;
- (b) South West Queensland Pipeline, a gas transmission pipeline in Queensland, Australia;
- (c) Moomba Sydney Pipeline, a gas transmission pipeline in New South Wales, Australia;
- (d) Central West Pipeline, a gas transmission pipeline in New South Wales, Australia;
- (e) Central Ranges Pipeline, a gas transmission pipeline in New South Wales, Australia
- (f) Victorian Transmission System, a transmission system in Victoria, Australia;
- (g) Dandenong LNG Storage Facility, a gas storage facility in Victoria, Australia;
- (h) Goldfields Gas Pipeline, a gas transmission pipeline in Western Australia, Australia; and
- (i) Diamantina and Leichardt Power Stations, power stations in Queensland, Australia.

According to the audited consolidated financial statements of the Target Group for the financial years ended 30 June 2016 and 30 June 2017 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 2016 and 30 June 2017 are set out below:

	Year ended 30 June	
	2016	2017
<b>Profit before taxation</b>	AUD302 million (equivalent to approximately HK\$1,752 million)	AUD386 million (equivalent to approximately HK\$2,239 million)
<b>Profit after taxation</b>	AUD179 million (equivalent to approximately HK\$1,038 million)	AUD237 million (equivalent to approximately HK\$1,375 million)

According to the unaudited consolidated financial statements of the Target Group for the half year ended 31 December 2017 prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting, the Corporations Act and other authoritative pronouncements of the Australian Accounting Standards Board and which comply with the IFRS IAS 34 Interim Financial Reporting, the unaudited consolidated net asset value of the Target Group as at 31 December 2017 was approximately AUD3,939 million (equivalent to approximately HK\$22,846 million).

The implied multiple of the Acquisition is 15.3x of FY2017 EV/EBITDA.

*(Note: Enterprise Value (“EV”) is based on 1,179,893,848 APA stapled securities in issue and APA net debt as at 31 December 2017 of AUD9,460 million (equivalent to approximately HK\$54,868 million) and APA FY2017 EBITDA of AUD1,470 million (equivalent to approximately HK\$8,526 million).)*

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

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

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

## **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, Continental Europe, Australia, New Zealand and North America.

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

The principal activities of the PAH Group are investment in energy and utility-related businesses in the United Kingdom, Hong Kong, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Portugal, Canada and the United States.

## **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 and CKHH believe that the Target’s energy infrastructure assets in Australia represent an attractive opportunity for investors with the potential for growth opportunities. Among the Consortium Members, CKA is the only bidding party with the size and immediate resources to make an offer conditional only upon the conditions set out under the section headed “2. Acquisition - 2.3 Conditions to the Trust Schemes” of this announcement.

For CKA, the Acquisition is consistent with CKA's global diversification strategy, is in accordance with the CKA Group's investment criteria to extend its reach to other business areas to increase stable recurrent income, and will further develop CKA's intent to consolidate its holdings in and through the United Kingdom via CKA Holdco. In circumstances where CKA is extending its reach into other business areas globally, it would, where appropriate, collaborate with parties with a proven track record and expertise in the relevant area, in particular, as reputable managers who are able to grow the value of the business over time. CKA can collaborate most effectively with parties with which its management has a history of working together successfully in the past. The formation of the Consortium under the Joint Venture Transaction would allow CKA, CKI and PAH to continue to share the management and strategic expertise of the UK Gas ExCo in the management and operation of the Target Group. Therefore, the Joint Venture Transaction with CKI and PAH would be beneficial to CKA's business and consistent with its strategy since CKI and PAH both have a strong track record in infrastructure investments of the kind that meet CKA's investment criteria and also have historical ties with CKA.

If the JV Transaction Shareholders' Approvals are not obtained or certain other conditions are not fulfilled and the Joint Venture Transaction does not proceed, CKA will, through Bidco which will remain as its indirect wholly-owned subsidiary, proceed with the Acquisition to acquire 100% of the Target. In such case, the Target still represents a quality investment for the CKA Group for the following reasons:

- (a) the Target Group is a sizeable business, and will provide CKA with the opportunity to make a further investment in infrastructure and utility asset operation in Australia, which is consistent with CKA's global diversification strategy;
- (b) the Target Group provides stable revenue and cash flows which will help to compensate for the reduced contribution from property development, and is expected to generate long-term stable liquidity, provide income in the short to medium term, and strengthen further the CKA Group's dividend distribution capability;
- (c) the Target Group's energy utility assets across Australia will represent a quality investment for the CKA Group with potential for appropriate growth opportunities;
- (d) CKA can leverage on the expertise of the Target's existing management as well as through service agreements with the joint ventures with, and associates of, CKI and/or PAH and/or other professionals to support the management of the Target's business; and
- (e) CKA, through CKA Holdco and its interests in the DUET assets in Australia, is already a participant in the UK Gas Group and a member of the UK Gas ExCo to facilitate its exposure to, and development of, industry expertise. CKA will continue to benefit from its participation in the UK Gas Group and membership of the UK Gas ExCo through the significant advantage of having access to the operational and management expertise in the gas sector to be found in other existing members of the UK Gas ExCo.

For CKI, the Joint Venture Transaction is consistent with its strategies of holding its investments in global gas assets through the UK Gas Group in the United Kingdom and, more generally, 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 its existing energy platforms, is consistent with its strategy of investing in energy infrastructure opportunities globally, and confirms its commitment to consolidate investments in the global gas sector through the UK Gas Group in the United Kingdom.

The CKA Board, the CKI Board, the PAH Board and the CKHH 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 CKA Directors (other than Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine and Mr. Donald Jeffrey Roberts, being independent non-executive directors of CKA who are members of the independent board committee of CKA established to make recommendations to the independent shareholders of CKA on the Joint Venture Transaction, and whose views will be set out in the circular to be issued by CKA to its shareholders, but including Mr. Cheong Ying Chew, Henry and Mr. Colin Stevens Russel, being the other independent non-executive directors of CKA, each of whom has not been appointed as a member of such independent board committee due to each of them also being an independent non-executive director of CKI) 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 CKA and its shareholders as a whole. The CKA 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 CKA and its shareholders as a whole. As Mr. Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the Joint Venture Transaction, he has voluntarily abstained from voting on the board resolutions of CKA for approving the Joint Venture Transaction.

The CKI Directors (other than Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Lan Hong Tsung, David, Mr. Barrie Cook and Mr. Paul Joseph Tighe, 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, but including Mr. Cheong Ying Chew, Henry and Mr. Colin Stevens Russel, being the other independent non-executive directors of CKI, each of whom has not been appointed as a member of such independent board committee due to each of them also being an independent non-executive director of CKA) 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 the 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, but including Mr. Wong Chung Hin, the other independent non-executive director of PAH, whom has not been appointed as a member of such independent board committee due to his also being an independent non-executive director of CKHH) 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 the Joint Venture Transaction. Notwithstanding the foregoing, Mr. Li Tzar Kuoi, Victor, being an executive director of CKHH, has voluntarily abstained from voting on the board resolutions of CKHH passed in connection with the Joint Venture Transaction.

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

The implications of the Joint Venture Transaction and the Acquisition (where applicable) for each of CKA, CKI, PAH and CKHH under the Listing Rules are as follows:

### **10.1 For CKA**

If CKA proceeds with the Acquisition alone (because none of the necessary JV Transaction Shareholders' Approvals are obtained or certain other conditions are not fulfilled and the Joint Venture Transaction does not proceed), as one or more of the applicable percentage ratios of CKA based on Scheme Consideration and the transaction costs under the Acquisition exceeds 25% but all are less than 100%, the Acquisition by CKA alone constitutes a major transaction for CKA and is subject to CKA's compliance with the announcement, notification and shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Acquisition proceeds under the Joint Venture Transaction, as one or more of the applicable percentage ratios of CKA based on the Maximum Financial Commitment of the CKA Group under the Joint Venture Transaction or the Scheme Consideration and the transaction costs under the Acquisition, as applicable, exceeds 25% but all are less than 100%, the Joint Venture Transaction also constitutes a major transaction for CKA and is subject to CKA's compliance with the announcement, notification and shareholders' approval requirements under Chapter 14 of the Listing Rules. In this circumstance, however, as Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust together hold more than 30% of the issued share capital of CKHH, CKHH and its subsidiary CKI may be regarded as associates (as used in the Listing Rules) of them. As a result, they together have or may be regarded as having a material interest in the Joint Venture Transaction and shall abstain from voting on the relevant shareholders' resolution regarding the Joint Venture Transaction under Chapter 14 of the Listing Rules.

CKHH has been deemed by the Stock Exchange to be a connected person of CKA under the Listing Rules. As CKHH currently holds approximately 71.93% of the issued share capital of CKI through its wholly-owned subsidiaries, CKI may also be regarded as a connected person of CKA by virtue of it being a subsidiary of CKHH. Therefore, the Joint Venture Transaction as between CKA and CKI also constitutes a connected transaction for CKA under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of CKA based on the Maximum Financial Commitment of the CKA Group under the Joint Venture Transaction exceeds 5%, the Joint Venture Transaction as between CKA and CKI is subject to CKA'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 CKA Group if the CKA Group holds up to 90% of JV Co, which is the highest shareholding in JV Co that the CKA Group can hold under the Consortium Formation Agreement if the Joint Venture Transaction proceeds.

The CKA Circular containing, among other things, (i) information on the Acquisition and the Joint Venture Transaction, (ii) audited financial information on the Target Group for the financial years ended 30 June 2016, 2017 and 2018, (iii) the pro forma financial information of the CKA Group upon the Trust Schemes becoming effective and (iv) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CKA, will be sent to the CKA shareholders. In order to allow sufficient time for CKA to prepare the CKA Circular and pending publication of the Target's annual results for the financial year ended 30 June 2018, the CKA Circular will be despatched more than 15 business days after the publication of this announcement and is expected to be despatched to the CKA shareholders on or about 15 October 2018.

## **10.2 For CKI**

Under the Joint Venture Transaction, as one or more of the applicable percentage ratios of CKI based on the Maximum Financial Commitment of the CKI Group exceeds 5% but all are 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 that 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 31.71% of the issued share capital of CKA, CKA may be regarded as a connected person of CKI under the Listing Rules. Therefore, the Joint Venture Transaction as between CKA 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 CKA and CKI is subject to CKI'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 CKI Group if the CKI Group holds up to 20% of JV Co, which is the highest shareholding in JV Co that the CKI Group holds under the Consortium Formation Agreement if CKI's participation in the Joint Venture Transaction proceeds.

A CKI circular containing, among other things, (i) information on the Joint Venture Transaction and (ii) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CKI, will be sent to the CKI shareholders. In order to allow sufficient time for CKI to prepare the CKI circular and pending publication of the Target's annual results for the financial year ended 30 June 2018, the CKI circular will be despatched more than 15 business days after the publication of this announcement and is expected to be despatched to the CKI shareholders on or around 15 October 2018.

## **10.3 For PAH**

Under the Joint Venture Transaction, as one or more of the applicable percentage ratios of PAH based on the Maximum Financial Commitment of the PAH Group exceeds 5% but all are 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 38.01% 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 31.71% of the issued share capital of CKA, CKA may also be regarded as a connected person of PAH under the Listing Rules. Therefore, the Joint Venture Transaction as between CKA, CKI and PAH (or as between CKA and PAH only) 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 CKA, CKI and PAH (or as between CKA and PAH only) is subject to PAH'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 PAH Group if the PAH Group holds up to 20% of JV Co, which is the highest shareholding in JV Co that the PAH Group holds under the Consortium Formation Agreement if PAH's participation in the Joint Venture Transaction proceeds.

A PAH circular containing, among other things, (i) information on the Joint Venture Transaction and (ii) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of PAH, will be sent to the PAH shareholders. In order to allow sufficient time for PAH to prepare the PAH circular and pending publication of the Target's annual results for the financial year ended 30 June 2018, the PAH circular will be despatched more than 15 business days after the publication of this announcement and is expected to be despatched to the PAH shareholders on or around 15 October 2018.

#### **10.4 For CKHH**

CKA has been deemed by the Stock Exchange to be a connected person of CKHH under the Listing Rules. Accordingly, the entry into of the Joint Venture Transaction by CKI, which is a subsidiary of CKHH, with CKA constitutes a connected transaction for CKHH under Chapter 14A of 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 exceeds 0.1% but all are less than 5%, the Joint Venture Transaction as between CKA and CKI is subject to CKHH's compliance with the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **11. RECOMMENDATION AND INDICATION AS TO VOTING**

With respect to the CKA Transaction Shareholders' Approval, having taken into account the reasons for and the benefits of the Acquisition as more particularly described under the section headed "9. *Reasons for, and benefits of, the Acquisition and the Joint Venture Transaction*" of this announcement, the CKA Directors (including the independent non-executive directors) unanimously recommend the shareholders of CKA to vote in favour of the resolution for the CKA Transaction Shareholders' Approval.

Each CKA Director (including the independent non-executive directors) who has a personal interest in any Shares in CKA has indicated that he or she will vote such Shares in favour of the resolution for the CKA Transaction Shareholders' Approval and will not change that voting intention unless a majority of the CKA Directors (including the independent non-executive directors) cease to recommend the shareholders of CKA to vote in favour of the CKA Transaction Shareholders' Approval.

## 12. FURTHER INFORMATION

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

**As completion of the Acquisition and/or the Joint Venture Transaction is conditional on the satisfaction or waiver of certain conditions, including the obtaining of the CKA Transaction Shareholders' Approval or the JV Transaction Shareholders' Approvals (as applicable), there remains the possibility that the Acquisition and/or the Joint Venture Transaction may not proceed. The final percentage interests of CKA, CKI and PAH in the Joint Venture Transaction are subject to change depending on agreement amongst CKA, CKI and PAH on the Respective Proportions and the Revised Respective Proportions and the obtaining of the JV Transaction Shareholders' Approvals. Shareholders and potential investors should exercise caution when dealing in the Shares and other securities of CKA, CKI, PAH and CKHH.**

## 13. DEFINITIONS

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

<b>“30 June 2018 Distribution”</b>	has the meaning given to it in paragraph 2.2 in the section headed “2. Acquisition” in this announcement
<b>“ACCC”</b>	the Australian Competition and Consumer Commission
<b>“Acquisition”</b>	the proposed acquisition by Bidco of all of the Target Securities in issue from the Target Securityholders by way of the Trust Schemes to be carried out concurrently with one another
<b>“ASIC”</b>	the Australian Securities and Investments Commission
<b>“Approval Determination Date”</b>	the date on which the relevant meetings of shareholders are held to consider the JV Transaction Shareholders' Approvals
<b>“APT”</b>	Australian Pipeline Trust, a unit trust formed under the laws of Australia and a registered managed investment scheme
<b>“APTIT”</b>	APT Investment Trust, a unit trust formed under the laws of Australia and a registered managed investment scheme
<b>“ASX”</b>	ASX Limited or the market operated by it, as the context requires
<b>“AUD”</b>	Australian dollars, the official currency of Australia
<b>“Bidco”</b>	CKM 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>“CKA”</b>	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)

<b>“CKA Board”</b>	the board of CKA Directors
<b>“CKA Circular”</b>	has the meaning given to it in paragraph 2.7(i) in the section headed “2. Acquisition” in this announcement
<b>“CKA Director(s)”</b>	the director(s) of CKA
<b>“CKA Group”</b>	CKA and its subsidiaries
<b>“CKA Holdco”</b>	CKA Holdings UK Limited, an indirect wholly-owned subsidiary of CKA which is incorporated under the laws of England and Wales
<b>“CKA Transaction Shareholders’ Approval”</b>	if the Joint Venture Transaction does not proceed, the approval by the shareholders of CKA as required under the Listing Rules for authorising the Acquisition as a major transaction for CKA
<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>	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
<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 and Wales
<b>“CKI Group”</b>	CKI and its subsidiaries
<b>“connected person”</b>	has the meaning ascribed to such term in the Listing Rules
<b>“Consortium”</b>	CKA, CKI and PAH (until such time as any of them becomes a Non-Continuing Member), and “ <b>Consortium Member(s)</b> ” shall be construed accordingly
<b>“Consortium Formation Agreement”</b>	the consortium formation agreement dated 12 August 2018 which was entered into between, among others, the Consortium Members, the Consortium Holdcos, 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>	CKA Holdco, CKI Holdco and PAH Holdco and <b>“Consortium Holdco”</b> shall be construed accordingly
<b>“Consortium Midcos”</b>	a number of private limited liability companies incorporated under the laws of England and Wales each holding a certain percentage of the equity interest in JVCo and which, together, hold 100% of the equity interest in JV Co and <b>“Consortium Midco”</b> shall be construed accordingly
<b>“Corporations Act”</b>	the Australian Corporations Act 2001 (Cth), as modified by any applicable ASIC relief
<b>“Court”</b>	the Supreme Court of the New South Wales or such other court of competent jurisdiction under the Corporations Act as Bidco and Target RE may agree
<b>“DUET assets”</b>	the energy utility assets in Australia, the United States, the United Kingdom and Europe, consisting of four separate legal entities, being DUET Company Limited, DUET Finance Limited, DUET Investment Holdings Limited and DUET Finance Trust, which together were acquired by the Consortium in a transaction announced by CKA, CKHH, CKI and PAH in an announcement dated 16 January 2017
<b>“DT1”</b>	The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1
<b>“DT2”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
<b>“DT3”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3
<b>“DT4”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4
<b>“EC Approval”</b>	the European Commission taking a decision (or deemed to have taken a decision) under Article 6(1)(b) of the EU Merger Regulation declaring the Joint Venture Transaction and the Acquisition (or part thereof) compatible with the common market
<b>“End Date”</b>	31 March 2019, or such other date as is agreed by Bidco and Target RE
<b>“Explanatory Memorandum”</b>	the information booklet to be despatched to Target Securityholders which must include a notice of meeting and proxy form for the proposed resolutions to be put to the Target Securityholders as detailed in paragraph 2.3.5 of the section headed <i>“2. Acquisition”</i> of this announcement

<b>“FIRB”</b>	the Australian Foreign Investment Review Board
<b>“FIRB Act”</b>	the Foreign Acquisitions and Takeovers Act 1975 (Cth)
<b>“Funding Date”</b>	three business days prior to the implementation date of the Trust Schemes or such other date agreed by the parties to the Consortium Formation Agreement provided that such date is at least two business days before the implementation date of the Trust Schemes
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Implementation Agreement”</b>	the implementation agreement dated 12 August 2018 and entered into by Bidco, the Target, CKA, CKI and PAH in respect of the Trust Schemes
<b>“Independent Expert”</b>	the independent expert appointed by Target RE pursuant to the Implementation Agreement
<b>“Joint Venture Transaction”</b>	the arrangements contemplated under the Consortium Formation Agreement and the Shareholders’ Agreement to form the Consortium and to effect the Acquisition
<b>“JV Co”</b>	CKM UK Holdings Limited, a private limited liability company, which is incorporated under the laws of England and Wales, and an indirect holding company of Bidco
<b>“JV Transaction Shareholders’ Approvals”</b>	(a) the approval by the shareholders (excluding any shareholders with a material interest in the Joint Venture Transaction) of each of CKA, CKI and PAH as required under the Listing Rules for authorising the Joint Venture Transaction as a connected transaction for each of them, and (b) the approval by the shareholders (excluding any shareholders with a material interest in the Joint Venture Transaction) of CKA as required under the Listing Rules for authorising the Joint Venture Transaction and the Acquisition by Bidco (as an entity which shares are held as to not less than 60% by CKA) as major transactions for CKA, in each case by the Approval Determination Date, and each a <b>“JV Transaction Shareholders’ Approval”</b>
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Longstop Date”</b>	12 February 2020, being 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 the section headed “2. Acquisition – 2.2 Implementation of the Trust Schemes” in this announcement

<b>“Non-Continuing Member”</b>	(a) CKI, if one or both of the JV Transaction Shareholders’ Approvals of CKA and CKI is/are not obtained on the Approval Determination Date; and/or (b) PAH, if one or both of the JV Transaction Shareholders’ Approvals of CKA and PAH is/are not obtained on the Approval Determination Date
<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 Directors”</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 and Wales
<b>“percentage ratios”</b>	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
<b>“Respective Proportion(s)”</b>	such proportion of ownership interest to be agreed between CKA, CKI and PAH, provided that, CKA will have a not less than 60% interest in the Consortium and each of CKI and PAH will have a 10% to 20% interest in the Consortium
<b>“Revised Respective Proportions”</b>	such proportion of ownership interest to be agreed between CKA, CKI and PAH, provided that: (a) in the event that PAH becomes a Non-Continuing Member, in relation to CKA, such proportion will be not less than 80%, with the balance being held by CKI; and (b) in the event that CKI becomes a Non-Continuing Member, in relation to CKA, such proportion will be not less than 80%, with the balance being held by PAH
<b>“Scheme Consideration”</b>	the consideration payable by Bidco for the transfer to Bidco of the Target Securities held by a Target Securityholder in accordance with the Implementation Agreement, which is AUD11.00 (equivalent to approximately HK\$63.80) per Target Security
<b>“Second Judicial Advice”</b>	has the meaning given to it in paragraph 2.3.6 in the section headed “2. Acquisition” in this announcement
<b>“Shareholders’ Agreement”</b>	the shareholders’ agreement to be entered into between the Consortium Members, the Consortium Midcos 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: (a) CKA with a nominal value of HK\$1.00 each; (b) CKHH with a nominal value of HK\$1.00 each; (c) CKI with a nominal value of HK\$1.00 each; or (d) PAH.
<b>“Special Distribution”</b>	has the meaning given to it in paragraph 2.2 in the section headed “2. Acquisition” in this announcement
<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>	the ASX-listed stapled entity known as APA which comprises APT and APTIT, and a reference to “ <b>Target</b> ” is to any one or more of APT or APTIT (as the context requires)
<b>“Target Group”</b>	the Target and its subsidiaries and controlled entities
<b>“Target Joint Venture Entity”</b>	means any entity in which a member (or members, in aggregate) of the Target Group has an ownership interest of less than 100%
<b>“Target RE”</b>	Australian Pipeline Limited, a public company incorporated under the laws of Australia, whose registered office is at Level 25, 580 George Street, Sydney NSW 2000, Australia, in its capacity as the responsible entity of APT and APTIT
<b>“Target Scheme Meeting”</b>	the meeting or meetings of the unitholders of APT and APTIT to consider the Trust Schemes
<b>“Target Securities”</b>	the stapled securities of the Target, each comprising one unit in APT and one unit in APTIT, which are quoted on the ASX (ASX Code: APA)
<b>“Target Securityholders”</b>	each person registered as the holder of Target Securities
<b>“TDT1”</b>	Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1
<b>“TDT2”</b>	Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2
<b>“TDT3”</b>	Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3
<b>“TDT4”</b>	Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4
<b>“Trust”</b>	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them

“Trustee Shares”	1,028,753,254 Shares in CKA held by the trustees of the Trust and/or their relevant subsidiaries as at the date of this announcement which represents approximately 27.82% of the issued share capital and voting rights in CKA
“Trust Schemes”	the arrangement, to be implemented in accordance with Australian Takeovers Panel Guidance Note 15 (Trust Scheme Mergers), ASIC Regulatory Guide 74 and facilitated by amendments to the constitutions of APT and APTIT, under which Bidco will acquire all of the Target Securities from Target Securityholders
“UK Gas Group”	a body with members comprising companies involved in gas investments globally (currently in Australia and the United Kingdom) to provide a discussion forum among its members
“UK Gas ExCo”	the executive committee of the UK Gas Group
“UT1”	The Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust
“Voting Undertaking”	has the meaning given to it in paragraph 2.7(ii) in the section headed “2. Acquisition” in this announcement
“%”	per cent

*Note: The figures in “AUD” are converted into HK\$ at the rate of AUD1.00 : HK\$5.80 throughout this announcement for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

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

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

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

By Order of the PAH Board  
**Power Assets Holdings Limited**  
**Alex Ng**  
*Company Secretary*

Hong Kong, 13 August 2018

*As at the date of this announcement, the CKA Directors are Mr. LI Tzar Kuoi, Victor (Chairman and Managing Director), Mr. KAM Hing Lam (Deputy Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Managing Director), Mr. CHUNG Sun Keung, Davy, 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. Colin Stevens RUSSEL and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.*



*As at the date of this announcement, the CKHH Directors are: Mr. LI Tzar Kuoi, Victor (Chairman and Group Co-Managing Director), Mr. FOK Kin Ning, Canning (Group Co-Managing Director), Mr. Frank John SIXT (Group Finance Director and Deputy Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Managing Director), Mr. KAM Hing Lam (Deputy Managing Director), Mr. LAI Kai Ming, Dominic (Deputy Managing Director) and Ms. Edith SHIH as Executive Directors; Mr. CHOW Kun Chee, Roland, Mrs. CHOW WOO Mo Fong, Susan, Mr. LEE Yeh Kwong, Charles, 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), Mr. Paul Joseph TIGHE (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina and Mr. George Colin MAGNUS; and the Alternate Directors are Mrs. CHOW WOO Mo Fong, Susan (Alternate Director to Mr. FOK Kin Ning, Canning), Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene YEUNG (Alternate Director to Mr. KAM Hing Lam).*

*As at the date of this announcement, the PAH Directors 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 as Executive Directors; Mr. LI Tzar Kuoi, Victor as Non-executive Director; and Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony as Independent Non-executive Directors.*