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CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL
RELATING TO THE PROPOSED ACQUISITION OF
THE TARGET HOLDCOS
IN CONSIDERATION FOR THE ISSUE OF CONSIDERATION SHARES
UNDER A SPECIFIC MANDATE**

**(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF THE COMPANY
TO BUY-BACK UP TO 380,000,000 SHARES AT HK\$51.00 PER SHARE**

(3) APPLICATION FOR THE WHITEWASH WAIVER

**DESPATCH OF CIRCULAR AND OFFER DOCUMENT
AND
EXPECTED TIMETABLE OF THE SHARE BUY-BACK OFFER**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Shareholders and
the Independent Board Committee**

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

INTRODUCTION

Reference is made to (i) the announcements published by CK Asset Holdings Limited (the “Company”) dated 18 March 2021, 8 April 2021 and 14 April 2021; and (ii) the circular and the offer document dated 27 April 2021 issued by the Company (the “Circular and Offer Document”) in relation to the Proposal. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular and Offer Document.

DESPATCH OF CIRCULAR AND OFFER DOCUMENT

The Circular and Offer Document containing, among other things, (i) details of the Proposal, including the Share Purchase Agreement, the Special Deal, the Share Buy-back Offer and the Whitewash Waiver, (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) the property valuation reports or summary reports on certain property interests of the Group and its associated companies and (v) the notice of the EGM, together with the accompanying form of proxy and Form of Acceptance have been despatched to the Shareholders on Tuesday, 27 April 2021 in accordance with the Takeovers Code.

EXPECTED TIMETABLE⁽¹⁾

The EGM will be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13 May 2021 at 4:30 p.m. (Hong Kong time) (or as soon thereafter as the AGM to be held at 3:30 p.m. (Hong Kong time) on the same day shall have concluded or adjourned or, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. (Hong Kong time) on Thursday, 13 May 2021, at the same time and place on Tuesday, 18 May 2021 (Hong Kong time)) for the purpose of considering and, if thought fit, approving, among other things, the resolutions in respect of the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver respectively.

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be announced by the Company. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

Event	Time and/or Date⁽¹⁾
Despatch date of the Circular and Offer Document, notice of EGM, proxy form for the EGM and Form of Acceptance.	Tuesday, 27 April 2021
Latest time for lodging a transfer of Shares to qualify for attendance at the EGM	4:30 p.m. on Friday, 7 May 2021

Closure of the Register of Members.	Monday, 10 May 2021 to Thursday, 13 May 2021
Latest time for lodging a proxy form for the EGM.	4:30 p.m. on Tuesday, 11 May 2021
AGM	3:30 p.m. on Thursday, 13 May 2021
EGM	4:30 p.m. (or as soon thereafter as the AGM shall have concluded or adjourned) on Thursday, 13 May 2021
Announcement of results of the EGM and whether the Share Buy-back Offer has become unconditional.	Thursday, 13 May 2021
Latest time for lodging a transfer of Shares to qualify for the 2020 Final Dividend	4:30 p.m. on Thursday, 20 May 2021
Final Dividend Record Date.	Thursday, 20 May 2021
Latest time for lodging the Form of Acceptance ⁽²⁾⁽³⁾	4:00 p.m. on Thursday, 27 May 2021
Closing date of the Share Buy-back Offer ⁽²⁾	Thursday, 27 May 2021
Record Date	Thursday, 27 May 2021
Announcement of results of the Share Buy-back Offer to be posted on the websites of the Stock Exchange and the Company	no later than 7:00 p.m. on Thursday, 27 May 2021
Payment of the 2020 Final Dividend	Thursday, 3 June 2021
Latest date for despatch of cheques to the Accepting Shareholders and (if applicable) despatch of Share certificates to parties with unsuccessful tenders ⁽⁴⁾	Monday, 7 June 2021

Notes:

- (1) The above timetable assumes that the Matters for Approval are approved by the Independent Shareholders at the EGM and the Conditions (comprising the Acquisition Conditions and the Offer Conditions) are satisfied resulting in the Share Buy-back Offer becoming unconditional on Thursday, 13 May 2021.
- (2) The Executive has indicated, subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM, to waive any obligation of LKSF to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of the Proposed Acquisition and the Share Buy-back Offer. Assuming that the Matters for Approval are approved by the Independent Shareholders and the Share Buy-back Offer becomes unconditional on Thursday, 13 May 2021, being the date of the EGM, the Share Buy-back Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended.
- (3) In order to accept the Share Buy-back Offer, Qualifying Shareholders are required to submit to the Hong Kong Share Registrar the duly completed Form of Acceptance in accordance with the instructions as set out in the Circular and Offer Document and the Form of Acceptance (which instructions form part of the terms and conditions of the Share Buy-back Offer) at or before 4:00 p.m. on Thursday, 27 May 2021.
- (4) Remittance of the total amounts due to Accepting Shareholders under the Share Buy-back Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company as soon as possible and in any event within 7 Business Days after the close of the Share Buy-back Offer.
- (5) Beneficial Owners of the Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to the Circular and Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Share Buy-back Offer are irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

INVESTOR PRESENTATION

The appendix to this announcement contains a copy of the Company's updated investor presentation on the Proposal.

The Proposal is subject to all of the Conditions being fulfilled or waived (as applicable) and therefore may or may not become unconditional. If any of the Conditions is not fulfilled or waived (as applicable), the Proposal will not proceed and will immediately lapse. Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
Executive Committee Member
& Company Secretary

Hong Kong, 27 April 2021

The Directors of the Company as at the date of this announcement 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, Raymond, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Colin Stevens RUSSEL, Mr. Donald Jeffrey ROBERTS and Mr. Stephen Edward BRADLEY as Independent Non-executive Directors.

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



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

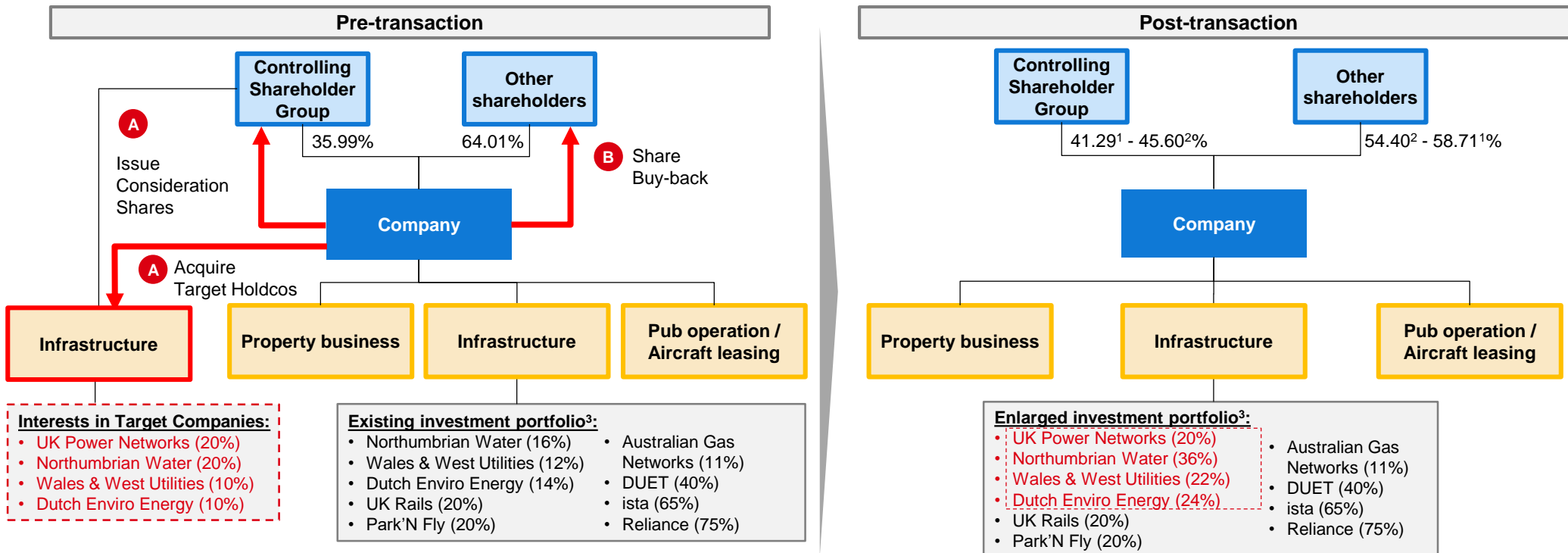
Stock code: 1113

Investor Presentation

27 April 2021

This presentation is for information purposes only and is not an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction. This presentation is a brief summary of the Proposal outlined in further detail in the announcement of the Company dated 18 March 2021, the announcement of the Company dated 14 April 2021 (the “Announcements”) and the circular and offer document published by the Company dated 27 April 2021 (the “Circular and Offer Document”). The Announcements and the Circular and Offer Document contain important information about the Proposal and shareholders and investors of the Company are advised to read the Announcements and the Circular and Offer Document in their entirety. The Announcements and the Circular and Offer Document are available on the Hong Kong Stock Exchange’s website at www.hkex.com.hk and on the Company’s website. This presentation uses the same terms as defined in the Circular and Offer Document.

Transaction overview



The Proposal comprises the Proposed Acquisition and the Share Buy-back Offer, which are **inter-conditional** on each other

A	Proposed Acquisition	<p>The Company to purchase the Target Holdcos for HKD17bn</p> <ul style="list-style-type: none"> – Consideration Shares to be issued at HKD51.00 per Share (implying c.10.0% premium to average closing price for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement and c.8.4% premium to closing price on the date of the Share Purchase Agreement)
B	Share Buy-back Proposal	<p>The Company to buy-back for cancellation up to the Maximum Number of Shares. The Share Buy-back Proposal will be implemented through:</p> <ul style="list-style-type: none"> – the Share Buy-back Offer to all Qualifying Shareholders at HKD51.00 per Share (implying c.10.0% to the average closing price for the last 10 consecutive trading days ending on the Last Trading Day and c.8.4% premium to closing price on the Last Trading Day); and – possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer^{4,5}

The overall effect of the Proposal would be the **deployment by the Company of excess cash to acquire cash generating assets** and **would result in a net reduction in the number of issued Shares**⁶

Notes:

- Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal
- Assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal
- The Company owns existing economic interests in Northumbrian Water (16%), Wales & West Utilities (12%), Dutch Enviro Energy (14%), UK Rails (20%), Park'N Fly (20%) and Australian Gas Networks (11%)
- If the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares; utilising the share buy-back mandate from Shareholders to be sought and granted at the Company's 2021 AGM
- Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeping Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders
- Assuming the Share Buy-back Proposal (with the Maximum Number of Shares) is completed in full

Summary of deal terms

Original Proposal announced on 18 March 2021

Revised Proposal announced on 14 April 2021

A Proposed Acquisition

- Purchase Price: **HKD17bn**
- Consideration Shares: 333.3m Shares issued at **HKD51.00** per Share

- No change

B Share Buy-back Proposal

- Original Maximum Number of Shares to be repurchased: **333.3m** Shares
- Offer Price: **HKD51.00** per Share
- Consideration for original Share Buy-back Offer¹: **c.HKD17bn**
- Qualifying Shareholders who accept the Share Buy-back Offer² will be entitled to receive in respect of each Share bought back (i) the final cash dividend³ and (ii) the Offer Price per Share of HKD51.00

- Maximum Number of Shares to be repurchased: **380.0m** Shares
- Consideration for Share Buy-back Offer⁴: **HKD19.38bn**

Guarantee of Cash Distributions

- LKSF will ensure that the Target Holdco Group receives **Cash Distributions of not less than HKD910m in aggregate**, directly or indirectly, from the Target Companies in respect of each of the years ending 31 December 2021 and 2022, **implying a yield on the Purchase Price of not less than 5.35%** in each of 2021 and 2022
- The Company **intends to distribute such amounts in full to Shareholders by way of dividend**⁵

Proposed dividend arrangements

- Subject to completion of the Proposal, the total amount that the Company will pay in **dividends in respect of each of FY2021 and FY2022 will not be less than** an amount equal to the sum of (a) the **total amount to be paid by the Company in dividends in respect of FY2020** and (b) the **Cash Distributions**⁶
- The effect of the foregoing is that the **total dividends per Share in respect of FY2021 and FY2022 will be higher than the total dividends per Share in respect of FY2020** irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal⁷

Notes:

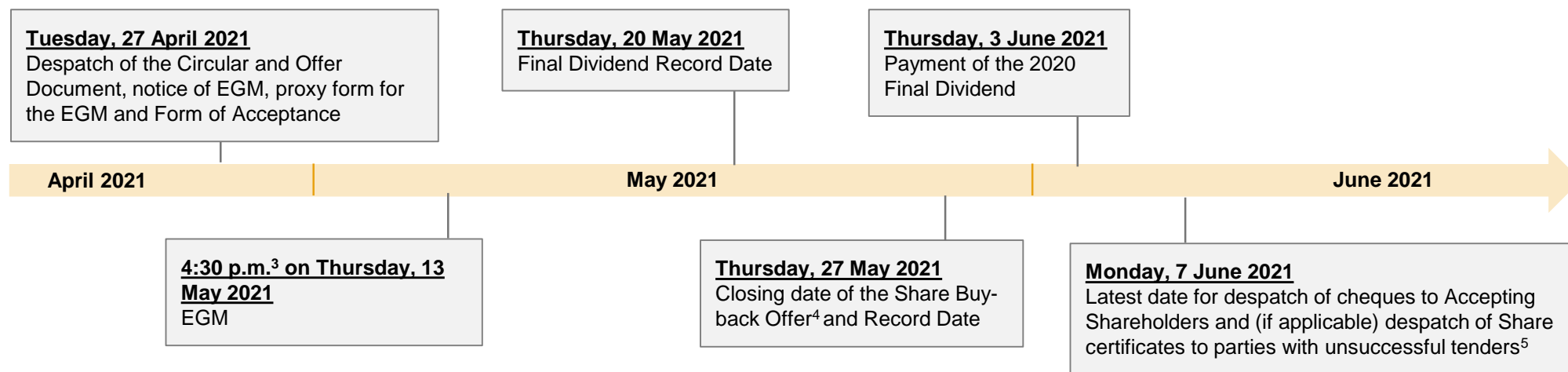
1. Assuming acceptances received are equal to the Consideration Shares
2. And whose names appear on the register of members on the Final Dividend Record Date
3. If approved by Shareholders at the 2021 annual general meeting
4. Assuming acceptances are received for the Maximum Number of Shares

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5. To Shareholders whose names appear on the register of members of the Company on the record date for determining the entitlement to such dividend
6. In respect of the relevant financial year
7. Assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of FY2022

Expected timetable and approval thresholds of the transaction

Expected timetable^{1,2}



Approvals sought at the EGM

- 1 The Proposed Acquisition, the Special Deal, and the Specific Mandate: **>50%** of the votes cast by the Independent Shareholders⁶ at the EGM
- 2 The Share Buy-back Offer: **>50%** of the votes cast by the Independent Shareholders⁶ at the EGM
- 3 The Whitewash Waiver: **≥75%** of the votes cast by the Independent Shareholders⁶ at the EGM and with each of the Proposed Acquisition and the Share Buy-back Offer approved by **>50%** of the votes cast by the Independent Shareholders⁶ at the EGM

Notes:

1. The timetable is indicative only and is subject to change. Any changes to the timetable will be announced by the Company. The timetable assumes that the Matters for Approval are approved by the Independent Shareholders at the EGM and the Conditions (comprising the Acquisition Conditions and the Offer Conditions) are satisfied resulting in the Share Buy-back Offer becoming unconditional on Thursday, 13 May 2021
2. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates
3. Or as soon thereafter as the AGM shall have concluded or adjourned

4. The Executive has indicated, subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM, to waive any obligation of LKSF to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of the Proposed Acquisition and the Share Buy-back Offer. Assuming that the Matters for Approval are approved by the Independent Shareholders and the Share Buy-back Offer becomes unconditional on Thursday, 13 May 2021, being the date of the EGM, the Share Buy-back Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended
- 3 5. Remittance of the total amounts due to Accepting Shareholders under the Share Buy-back Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company as soon as possible and in any event within 7 Business Days after the close of the Share Buy-back Offer
6. Please refer to the Circular and Offer Document for the definition of Independent Shareholders

Transaction rationale

1

Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk

2

Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group

3





Financially accretive transaction

4

Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of announcement

1 Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk

Overview of the Target Companies

	Country	Sector	Nature	Company's existing interests ¹	Interests to be acquired	Overview
	United Kingdom	Electricity distribution	Regulated	-	20%	<ul style="list-style-type: none"> One of the United Kingdom's largest power distributors Comprises three regional networks with a distribution area that covers London, the south east and the east of England
	United Kingdom	Water	Regulated	16%	20%	<ul style="list-style-type: none"> One of the ten regulated water and sewerage companies in England and Wales Supplies water and sewerage services in the north east of England and supplies water services to the south east of England
	United Kingdom	Gas distribution	Regulated	12%	10%	<ul style="list-style-type: none"> A gas distribution network in the United Kingdom Serves consumers in Wales and the south west of England
	The Netherlands	Energy-from-waste	Long-term contracted cash flows	14%	10%	<ul style="list-style-type: none"> Owns the largest energy-from-waste player in the Netherlands Operates five waste treatment plants in Rozenburg and Duiven as well as four transfer stations



In line with the Company's stated corporate strategy of actively pursuing quality investment opportunities that provide stable recurrent revenue and growth potential



A rare opportunity to acquire interests in a sizeable and high quality investment portfolio



The Proposed Acquisition would involve lower execution risk than would be the case with assets in which the Company had no prior interests



Further expand the Company's investment portfolio without the need to go through a competitive auction process

Note:
1. Represents economic interests owned by the Company

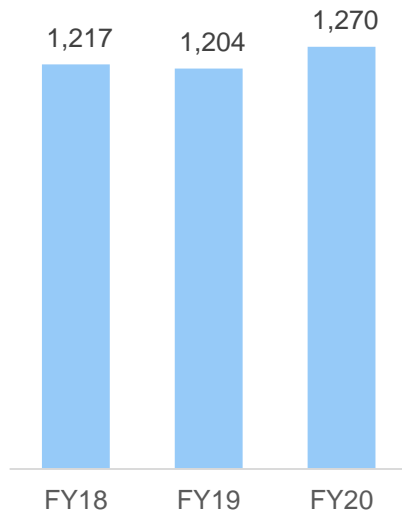
2 Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group

The Proposed Acquisition is in line with the Company's stated corporate strategy. The Target Companies have generated **stable recurrent income**

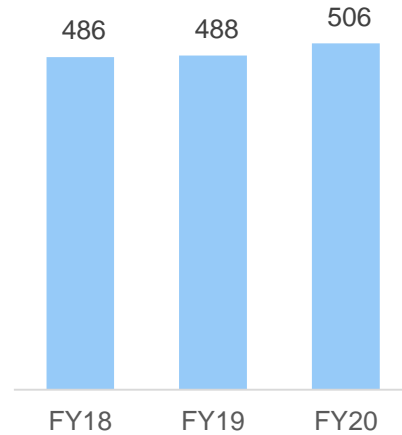
EBITDA^{1,2} (100% basis)



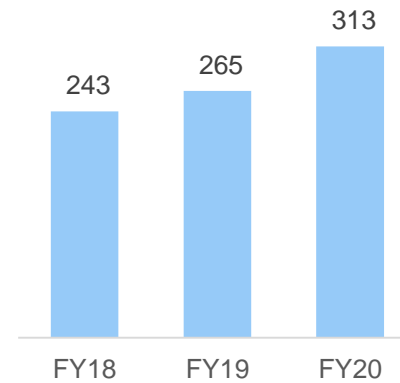
FY ended 31 Mar (GBPm)



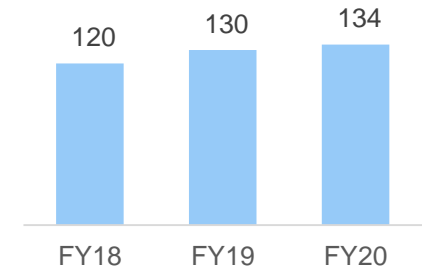
FY ended 31 Mar (GBPm)



FY ended 31 Mar (GBPm)



FY ended 31 Dec (EURm)



Note: charts shown above are not to scale

1. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortization, and is a non-IFRS financial measure

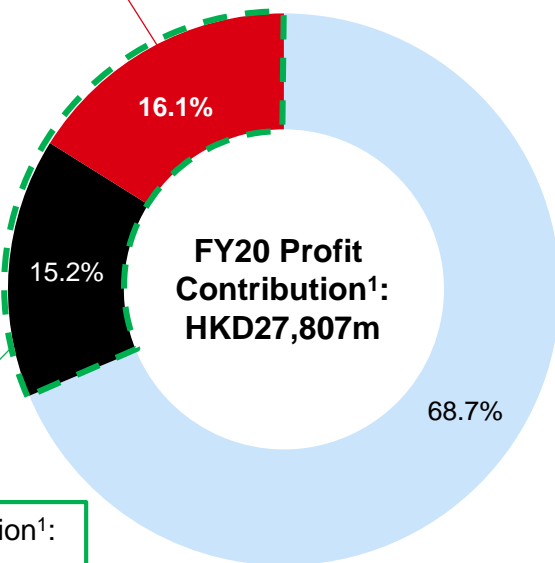
2. Based on audited accounts

2 Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group (cont'd)

Profit Contribution¹ by segments

Pre-transaction

Profit Contribution¹ from infrastructure & utility asset operation:
HKD4,488m
16.1% of total



Recurrent Profit Contribution¹:
HKD8,695m
31.3% of total

Post-transaction

The Proposed Acquisition is expected to create an additional stream of stable income for the Group

Target Holdcos' aggregate profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) for year ended 31 Dec 2020²:

HKD978m

Principal activities of the Group:

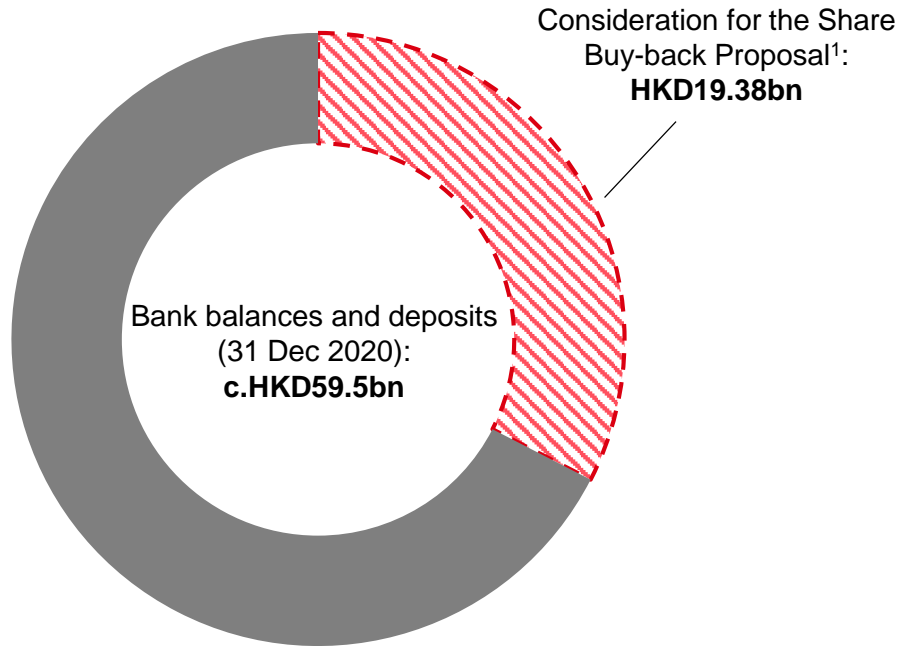
Property sales

Infrastructure & utility asset operation

Other principal activities (including property rental, hotel and service suite operation, property and project management, aircraft leasing and pub operation)

Notes:
1. Profit Contribution refers to contribution from principal activities after depreciation, impairment and absorption of overhead expenses but before interest costs and tax
2. Financial information for each of the Target Holdcos for 2019 and 2020 is based on their respective audited accounts

3 Financially accretive transaction



Although the Purchase Price for the Proposed Acquisition will be settled by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Proposal, the overall effect of the Proposal would be the **deployment by the Company of excess cash**



The Proposal would result in a **net reduction in the number of issued Shares¹** and would be **financially accretive**



Further details of the financial effects of the Proposal are set out on page 10 of this presentation and in the Circular and Offer Document

- Proposed Acquisition
- Cash distribution yield²: **5.35%**
 - Purchase Price³: HKD17bn
 - HKD910m Cash Distributions for each of 2021 and 2022 guaranteed by LKSF

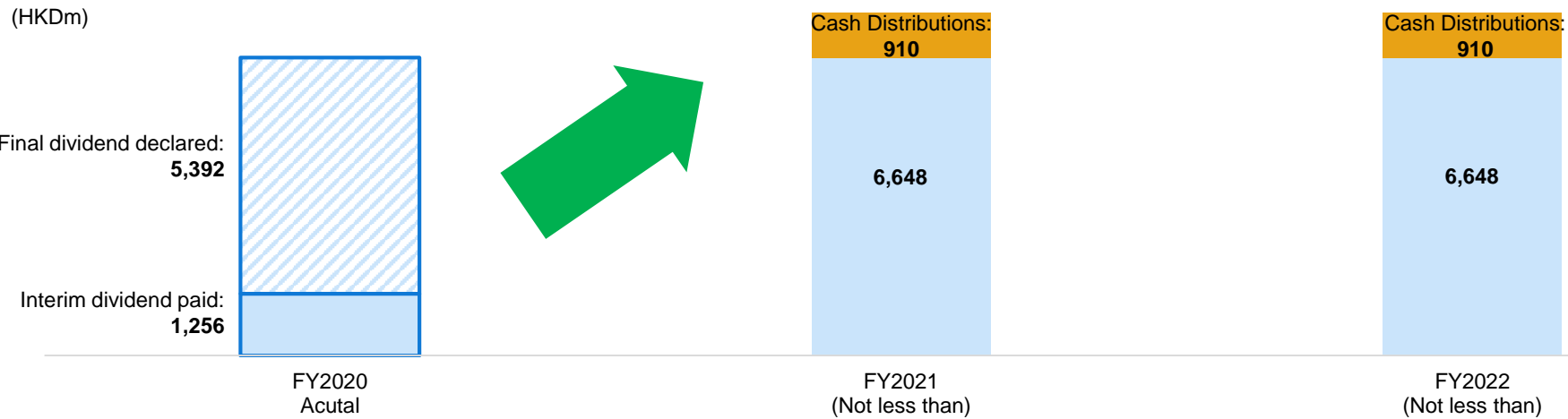
Notes:
 1. Assuming the Share Buy-back Proposal (with the Maximum Number of Shares) is completed in full
 2. Calculated as HKD910m Cash Distributions divided by the Purchase Price
 3. Based on the analysis of the Purchase Price in the letter from the Independent Financial Adviser, the Purchase Price implies EV/EBITDA of 8.32x (including Dutch Enviro Energy), which is lower than the average and medians of the Target Comparable Companies (average: 10.99x / median: 11.79x) and Comparable Transactions (average: 11.39x / median: 11.31x). The Purchase

Price also implies 1.38x EV/RAV or RCV (excluding Dutch Enviro Energy), which is higher than the average and medians of Target Comparable Companies (average: 1.37x / median: 1.30x) and lower than the average and medians of Comparable Transactions (average: 1.60x / median: 1.65x). For further details, please refer to the letter from the Independent Financial Adviser in the Circular and Offer Document

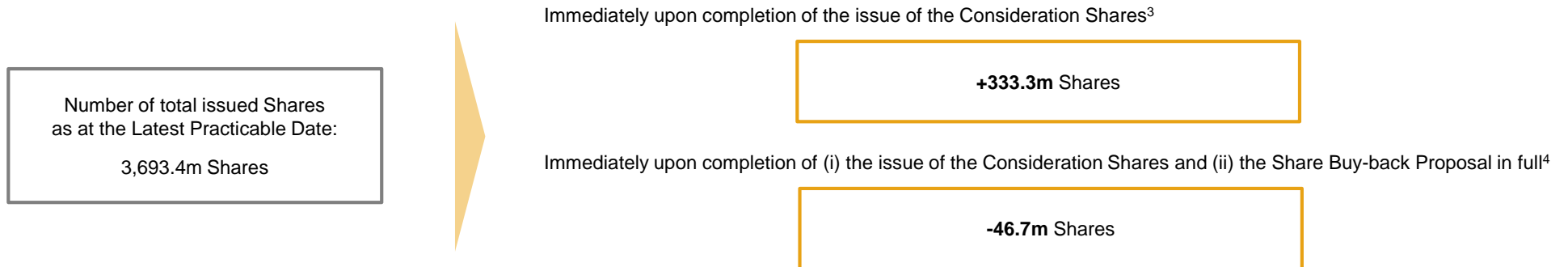
3 Financially accretive transaction (cont'd)

Proposed dividend arrangements

- Subject to completion of the Proposal, the total amount that the Company will pay in **dividends in respect of each of FY2021 and FY2022 will not be less than** an amount equal to the sum of (a) the **total amount to be paid by the Company in dividends in respect of FY2020** and (b) the **Cash Distributions**¹
- The effect of the foregoing is that the **total dividends per Share in respect of FY2021 and FY2022 will be higher than the total dividends per Share in respect of FY2020** irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal²



Change in the number of total issued Shares



Notes:

1. See page 2 of this presentation for further details on Cash Distributions
2. Assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of FY2022

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3. Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal
4. Assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date to and including the date of completion of the Proposal

3 Financially accretive transaction (cont'd)

Unaudited pro forma adjusted dividend per Share for the year ended 31 Dec 2020¹

Unaudited pro forma adjusted earnings per Share for the year ended 31 Dec 2020²

Unaudited pro forma adjusted net assets attributable to Shareholders per Share as at 31 Dec 2020³

Dividend proposed and paid to Shareholders (HKDm)

Consolidated profit attributable to Shareholders (HKDm)

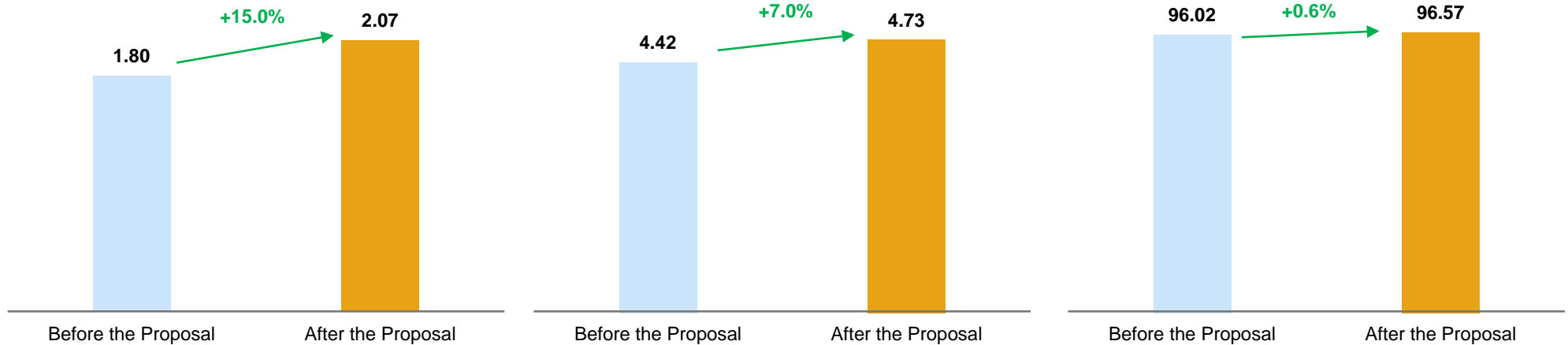
Net assets attributable to Shareholders (HKDm)



Dividend per share (HKD)

Earnings per Share (HKD)

Net assets per Share attributable to Shareholders (HKD)



Notes: charts shown above are not to scale

- Adjusted for the effect of the guaranteed Cash Distributions as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 1 January 2020. It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the guaranteed Cash Distributions, the Proposed Acquisition and the full acceptance of the Share Buy-back Offer. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the dividend per Share of the Company shall be upon the actual completion of the Proposed Acquisition and the Share Buy-back Offer or any future period
- Adjusted for the effect of the Proposed Acquisition and the Share Buy-back Offer as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 1 January 2020. It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Proposed Acquisition and the full acceptance of the Share Buy-back Offer. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the earnings per Share shall be upon the actual completion of the Proposed Acquisition and the Share Buy-back Offer or any future period

- Adjusted for the effect of the Proposed Acquisition and the Share Buy-back Offer as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 31 December 2020. It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Proposed Acquisition and the full acceptance of the Share Buy-back Offer. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the net assets attributable to Shareholders per Share shall be upon the actual completion date of the Proposed Acquisition and the Share Buy-back Offer or any future date

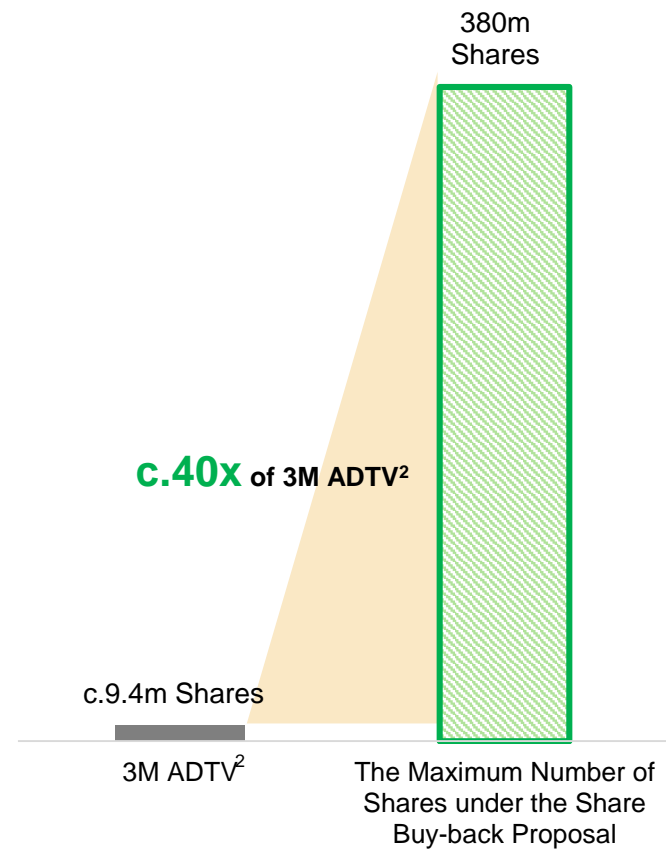
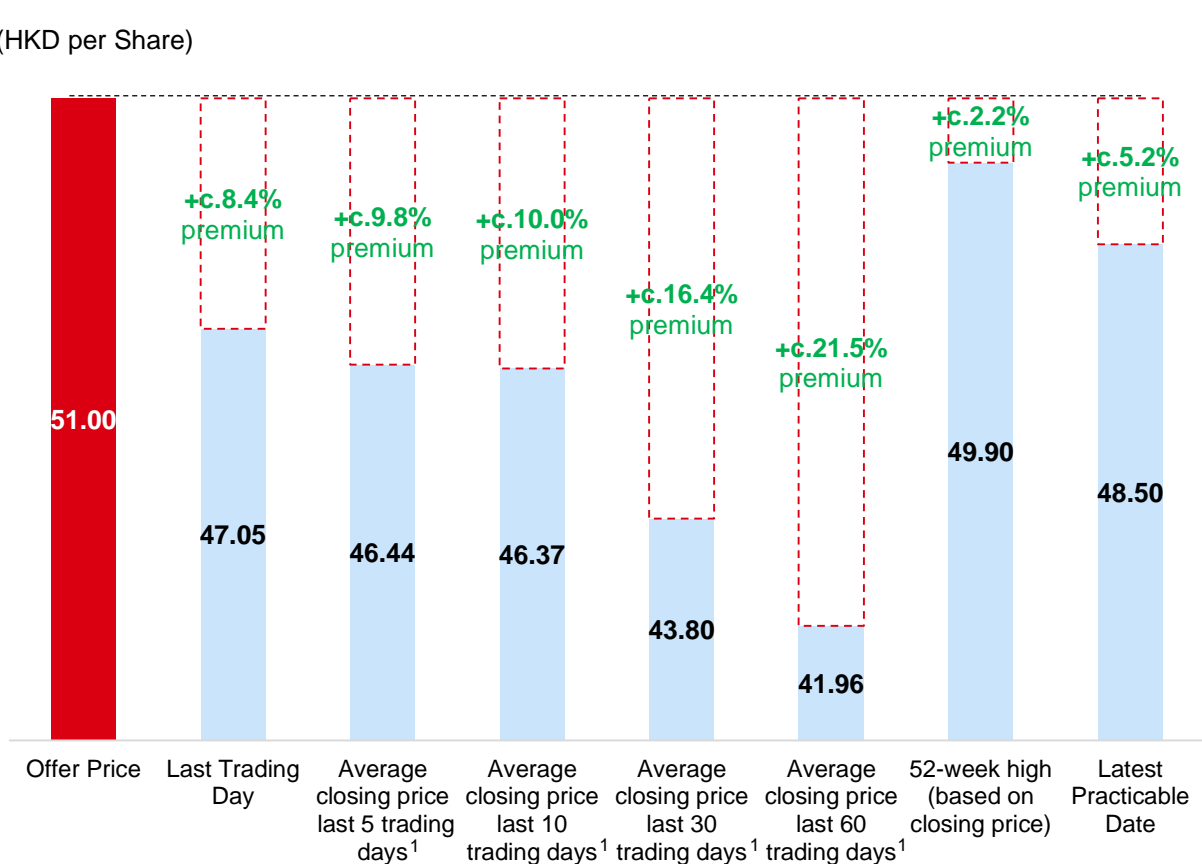
4 Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of announcement

The Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a **premium** to recent historic market prices if they so wish

The Offer Price represents a **premium** to recent historic market prices

Providing a liquidity event for Shareholders to monetise with price certainty

(HKD per Share)



Source: HKEx market data

Notes:

1. Ending on the Last Trading Day
2. Average daily traded volume in the past 3 months as of 18 March 2021

Appendix

Holding structure of the Target Holdcos

The Proposed Acquisition will **simplify the holding structure** of the Target Holdcos

Before completion of the Proposed Acquisition

	Ownership interests					Economic interests ^{3,4}						
	Company	LKSF	CKHH ¹	CKI ²	PAH	Total	Company	LKSF	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	-	20%	-	40%	40%	100%	-	20%	-	40%	40%	100%
Northumbrian Water	-	20% ⁵	40% ⁵	40% ⁵	-	100%	16%	20%	4%	52%	8%	100%
Wales & West Utilities	-	10%	30%	30%	30%	100%	12%	10%	3%	39%	36%	100%
Dutch Enviro Energy	-	10%	35%	35%	20%	100%	14%	10%	4%	46%	27%	100%

After completion of the Proposed Acquisition

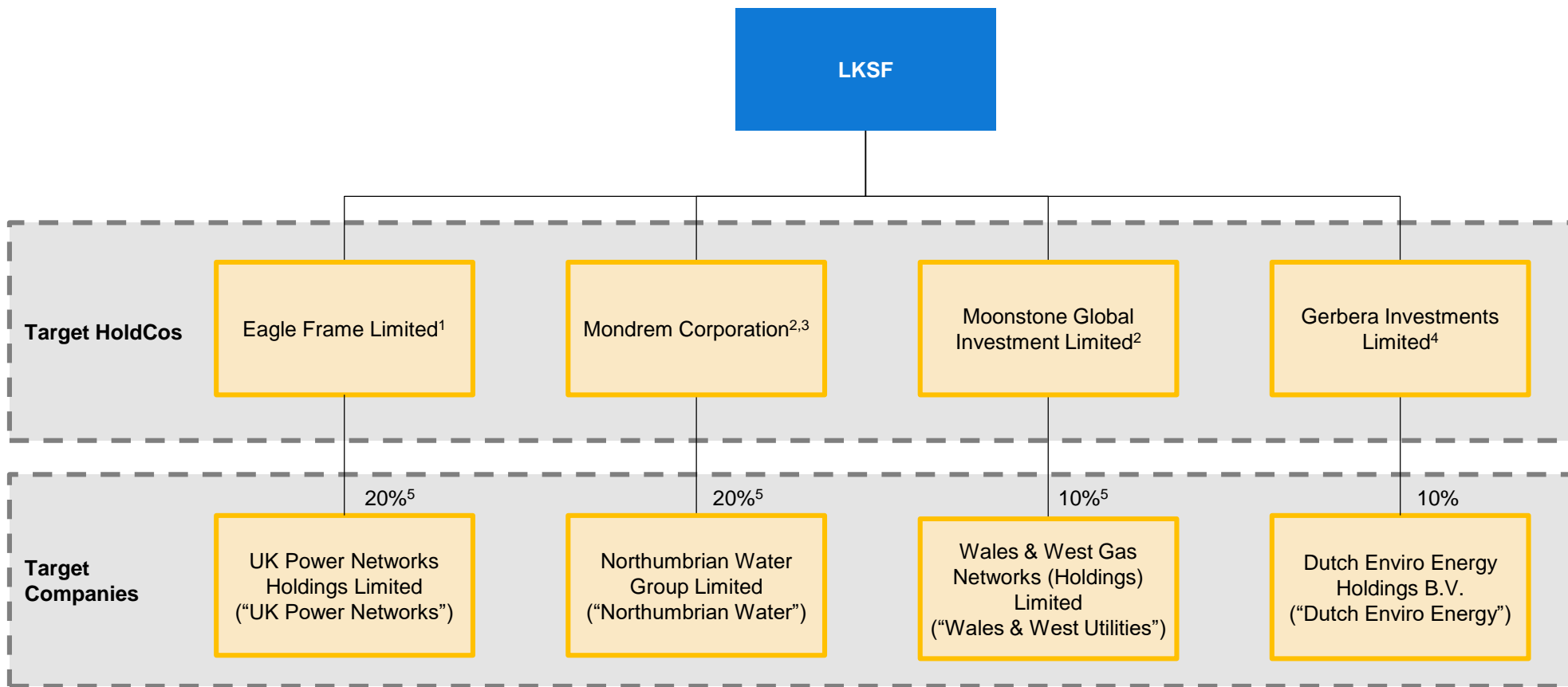
	Ownership interests					Economic interests ^{3,4}				
	Company	CKHH ¹	CKI ²	PAH	Total	Company	CKHH ¹	CKI ²	PAH	Total
UK Power Networks	20%	-	40%	40%	100%	20%	-	40%	40%	100%
Northumbrian Water	20% ⁵	40% ⁵	40% ⁵	-	100%	36%	4%	52%	8%	100%
Wales & West Utilities	10%	30%	30%	30%	100%	22%	3%	39%	36%	100%
Dutch Enviro Energy	10%	35%	35%	20%	100%	24%	4%	46%	27%	100%

Notes:

1. Excludes ownership interests or economic interests owned by CKI
2. Excludes ownership interests or economic interests owned by PAH
3. For Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, this represents the split of economic interests arising from the respective economic benefits agreements entered into by the respective subsidiaries of the Company, CKHH, CKI and PAH in August 2018. For further details, please see the Company's announcement dated 31 August 2018

4. UK Power Networks is not subject to the Economic Benefits Agreements
5. Based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water. For further details, please see the announcement of CKI dated 14 December 2020

Existing holding structure of the Target Companies



Notes:

1. As at the Latest Practicable Date, LKSF directly holds 70% of the shareholding interest in Fortune Cone Limited, which in turn indirectly holds 100% of the shareholding interest in Eagle Frame Limited. The remaining 30% of the shareholding interest in Fortune Cone Limited is held by LKSGF
2. Indirect wholly-owned subsidiary of LKSF
3. In addition to the indirect shareholding interest in Northumbrian Water, Mondrem Corporation also holds an indirect 20% shareholding interest in Northumbrian Services Limited and UK Water (2011) Limited. They do not contribute materially to the financial results of Mondrem Corporation
4. Direct wholly-owned subsidiary of LKSF
5. Indirectly held through other companies

Summary financials of the Target Companies

In local reporting currency

EBITDA¹ (100% basis)

			Based on audited accounts		
	Currency / unit	Financial year ended	2018	2019	2020
UK Power Networks	GBP million	31 Mar	1,217	1,204	1,270
Northumbrian Water	GBP million	31 Mar	486	488	506
Wales & West Utilities	GBP million	31 Mar	243	265	313
Dutch Enviro Energy	EUR million	31 Dec	120	130	134

Net debt and RAV or RCV (100% basis)

		As of 31 Mar 2020	As of 31 Mar 2020 or 31 Dec 2020
	Currency / unit	RAV or RCV	Net debt (excluding shareholder loan)
UK Power Networks	GBP billion	6.3 ²	4.6 ⁴
Northumbrian Water	GBP billion	4.3 ³	3.2 ⁴
Wales & West Utilities	GBP billion	2.2 ²	1.5 ⁴
Dutch Enviro Energy	EUR billion	n/a	0.3 ⁵

Notes:

- EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation and is a non-IFRS financial measure
- RAV is the value ascribed by the relevant regulator to the capital employed in the company's regulated business (i.e. the regulated asset base)
- RCV is a measure published by the relevant regulator primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV
- Based on the audited accounts as at 31 Mar 2020
- Based on the audited accounts as at 31 Dec 2020

Summary financials of the Target Companies

In Hong Kong Dollars

EBITDA¹ (100% basis)

	Currency / unit	Financial year ended	2018	2019	2020
UK Power Networks	HKD million	31 Mar	13,131	12,991	13,703
Northumbrian Water	HKD million	31 Mar	5,244	5,266	5,460
Wales & West Utilities	HKD million	31 Mar	2,622	2,859	3,377
Dutch Enviro Energy	HKD million	31 Dec	1,109	1,201	1,238

Net debt and RAV or RCV (100% basis)

		As of 31 Mar 2020	As of 31 Mar 2020 or 31 Dec 2020
	Currency / unit	RAV or RCV	Net debt (excluding shareholder loan)
UK Power Networks	HKD billion	68.3 ²	49.4 ⁴
Northumbrian Water	HKD billion	46.6 ³	34.3 ⁴
Wales & West Utilities	HKD billion	23.9 ²	16.0 ⁴
Dutch Enviro Energy	HKD billion	n/a	2.9 ⁵

Notes: the figures in "GBP" are converted into HKD at the rate of GBP1.00: HKD10.79 and the figures in "EUR" are converted into HKD at the rate of EUR1.00: HKD9.24 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

1. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation and is a non-IFRS financial measure

2. RAV is the value ascribed by the relevant regulator to the capital employed in the company's regulated business (i.e. the regulated asset base)

3. RCV is a measure published by the relevant regulator primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV

4. As at 31 Mar 2020

5. As at 31 Dec 2020

Summary financials of the Target Holdcos

	Net assets ⁴	Profit before (i) taxation, (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) ²		Profit before taxation for the year ³	
		2020	2019	2020	2019
Financial year ended 31 Dec (HKDm) ¹					
Eagle Frame Limited	8,022	633	636	845	2,591
Mondrem Corporation	3,776	253	245	509	567
Moonstone Global Investment Limited	1,103	48	48	71	66
Gerbera Investments Limited	978	52	49	77	310
Total	13,879	986	978	1,502	3,534

Notes:

- Financial information for each of the Target Holdcos for 2019 and 2020 is based on their respective audited accounts. The Target Holdcos' investments in the Target Companies and loans to the Target Companies are accounted for as financial assets at fair value through profit or loss and financial assets at amortised costs respectively. Dividend income and interest income from the Target Companies are recorded in the profit or loss of the Target Holdcos
- For each Target Holdco, profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss) and profit (i) after taxation; (ii) before gain on fair value changes of financial assets; and (iii) before exchange gain/(loss) are the same, given there were no tax expenses

- Profit before taxation and profit for the year for each Target Holdco are the same given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020
- Based on the respective audited financial statements of each of the Target Holdcos for the year ended 31 December 2020, the aggregated audited consolidated net asset value of the Target Holdcos as at 31 December 2020 was HKD13,879 million. Before the date of Completion, a subsidiary of LKSF will subscribe for new share(s) in Mondrem Corporation for a consideration of HKD1,948 million, which will be satisfied by way of the capitalisation of intercompany loans owed by Mondrem Corporation to a subsidiary of LKSF. It is expected that the intercompany loan capitalisation will increase the consolidated net asset value of the Target Holdcos by HKD1,948 million

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