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

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1113)

**CONNECTED TRANSACTION**

**PURCHASE OF COMPANIES  
ENGAGED IN AIRCRAFT LEASING BUSINESS**

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

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

Completion of the Sale and Purchase Transactions is conditional upon the fulfilment of certain conditions precedent, details of which are set out in the section “*The Sale and Purchase Agreement – Conditions Precedent*” below.

Completion of the CK Capital Acquisition and completion of the Harrier Global Acquisition are conditional upon each other, and are to take place at the same time.

CK Capital is an investment holding company, the subsidiaries of which invest in owning and leasing of aircraft or ancillary businesses. As at the date of this announcement, the CK Capital Group owns a portfolio of 43 aircraft. Upon Completion, CK Capital will become a wholly-owned subsidiary of the Company.

Harrier Global owns 50% of the issued shares of Vermillion. The remaining issued shares of Vermillion are owned by MCAP as to 40%, and by a wholly-owned subsidiary of LKSOF as to 10%. As at the date of this announcement, the Vermillion Group owns a portfolio of 22 aircraft and has commitment to acquire another 8 aircraft.

Subject to the fulfilment of the Conditions Precedent, Completion is expected to take place within two months from the date of the Sale and Purchase Agreement.

As at the date of this announcement, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.26% of the issued share capital of the Company. In addition, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.16% of the issued share capital of CKHH. As disclosed in the listing document of the Company dated 8 May 2015, the Stock Exchange deemed each of the Company and CKHH to be a connected person of the other. Accordingly, the entering into of the Sale and Purchase Transactions between CKHH Sub and CKP Sub constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Sale and Purchase Transactions for the Company (on the basis that the CK Capital Acquisition and the Harrier Global Acquisition are aggregated for this purpose) exceeds 0.1% but is less than 5%, the Sale and Purchase Transactions are subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from requirements relating to circular, appointment of independent financial adviser and independent shareholders' approval under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board announces that on 2 December 2016, CKP Sub (a wholly owned subsidiary of the Company) and CKHH Sub (a wholly-owned subsidiary of CKHH) entered into the Sale and Purchase Agreement, pursuant to which CKHH Sub agreed to sell and CKP Sub agreed to purchase: (i) the CK Capital Sale Shares (being all the issued shares in CK Capital) for a consideration of approximately US\$973 million (equivalent to approximately HK\$7,550 million) (subject to adjustments); and (ii) the Harrier Global Sale Share (representing the entire issued share capital of Harrier Global) for a cash consideration of approximately US\$5 million (equivalent to approximately HK\$39 million) (subject to adjustments). Completion of the Sale and Purchase Transactions is conditional upon the fulfilment of certain conditions precedent, details of which are set out in the section "*The Sale and Purchase Agreement – Conditions Precedent*" below.

Completion of the CK Capital Acquisition and completion of the Harrier Global Acquisition are conditional upon each other, and are to take place at the same time.

Upon Completion, each of CK Capital and Harrier Global will become a wholly-owned subsidiary of the Company, and Vermillion will become a joint venture of the Company interested by the Group as to 50%. Completion is expected to take place within two months from the date of the Sale and Purchase Agreement.

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

## **THE SALE AND PURCHASE AGREEMENT**

Date : 2 December 2016.

Parties : CKHH Sub, as vendor.

CKP Sub, a wholly-owned subsidiary of the Company, as purchaser.

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

The CK Capital Sale Shares are all the issued shares in CK Capital.

The Harrier Global Sale Share represents the entire issued share capital of Harrier Global.

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

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

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

The Company intends that CKP Sub will settle the cash portion of the consideration out of the internal resources of the Group.

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

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

Settlement terms and price adjustments : The consideration in respect of each of the Sale and Purchase Transactions will be settled in full at Completion, subject to adjustments.

The consideration in respect of each of the Sale and Purchase Transactions will be subject to adjustments in respect of net assets of the CK Capital Group and Harrier Global, by reference to completion accounts to be prepared.

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

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

- (a) all Consents from any government authority, whether of Hong Kong or elsewhere, or any other third parties which may be required in connection with the transactions contemplated under the Sale and Purchase Agreement under any existing contractual arrangements, including loan and other finance documentation, or any applicable laws, rules and regulations having been obtained and where any Consent is subject to conditions, such conditions being reasonably satisfactory to CKP Sub and CKHH Sub; and

- (b) the representations, warranties and undertakings given by CKHH Sub under the Sale and Purchase Agreement remaining true and accurate and not misleading as of the date of Completion by reference to the facts and circumstances subsisting as at that date.

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

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

## INFORMATION ON THE CK CAPITAL GROUP

CK Capital was incorporated on 25 June 2014 as an indirect wholly-owned subsidiary of Cheung Kong (Holdings), and is an investment holding company, the subsidiaries of which invest in the owning and leasing of aircraft or ancillary businesses. As at the date of this announcement, the CK Capital Group owns a portfolio of 43 aircraft.

According to information provided by CKHH Sub, certain unaudited financial information of the CK Capital Group for the period from 25 June 2014 to 31 December 2014 and the year ended 31 December 2015 is as follows:

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

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

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

According to information provided by CKHH Sub, the original cost of the CK Capital Sale Shares to CKHH Sub was US\$1,000 million (equivalent to approximately HK\$7,760 million), and the original base purchase price of the 43 aircraft currently owned by the CK Capital Group was approximately US\$1,829 million (equivalent to approximately HK\$14,193 million), versus the aircraft carrying value of approximately US\$1,720 million (equivalent to approximately HK\$13,347 million) as at 31 December 2015, after depreciation.

## INFORMATION ON HARRIER GLOBAL AND THE VERMILLION GROUP

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

According to information provided by CKHH Sub, certain unaudited financial information of Harrier Global for the period from 16 July 2014 (date of incorporation) to 31 December 2014 and the year ended 31 December 2015 is as follows:

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

*Note: For the year ended 31 December 2015, the results of Vermillion Group were recognized by Harrier Global by share of profit after taxation of Vermillion Group.*

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

According to information provided by CKHH Sub, the original cost of the Harrier Global Sale Share to CKHH Sub was US\$1 (equivalent to approximately HK\$7.76), and the original base purchase price of the 22 aircraft currently owned by the Vermillion Group was approximately US\$1,142 million (equivalent to approximately HK\$8,862 million), versus the aircraft carrying value of approximately US\$1,088 million (equivalent to approximately HK\$8,443 million) as at 31 December 2015, after depreciation.

## INFORMATION ON THE PARTIES INVOLVED IN THE SALE AND PURCHASE TRANSACTIONS

CKP Sub is an investment holding company, directly wholly-owned by the Company.

CKHH Sub is an investment holding company, indirectly wholly-owned by CKHH.

The Group has diverse capabilities with principal activities encompassing property development and investment, hotel and serviced suite operation, and property and project management.

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

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE TRANSACTIONS**

The aircraft leasing business of CK Capital was established in 2014 by Cheung Kong (Holdings) with management oversight under its dedicated team of executives who have built up valuable knowledge and connections within the aircraft leasing industry. After Cheung Kong (Holdings) became a subsidiary of CKHH in 2015 upon the reorganization of the Cheung Kong group and the Hutchison group taking effect, this dedicated team has been with the Group and has been providing continuous management oversight of the aircraft leasing business of CK Capital and of Harrier Global.

The Group is principally engaged in property development and investment, hotel and serviced suite operation, and property and project management, and has a portfolio of diversified properties, comprising properties located in Hong Kong, the Mainland, Singapore and the United Kingdom. The Group is currently highly liquid and is in a net cash position. It is also due to receive a significant amount of receivables in the near term. However, in the current cyclical stage of the local property market, high property prices have presented risks rendering it challenging to identify property investments with reasonable returns. At the same time, the Group has given serious and prudent consideration to and participated in certain quality global investments that meet the investment criteria set out in its 2015 Annual Report, namely, to (1) generate stable income and provide a steady stream of liquidity in the long term; (2) provide income in the short to medium term and enhance overall profitability; and (3) strengthen further the Group's dividend distribution capability, and as disclosed in its 2016 Interim Report, with a view to extending its reach to new business areas to enhance its revenue streams and supplement the cyclical impact on cash flow associated with property development.

The aircraft leasing business, which provides a steady income stream on a medium to long term basis, is an investment that matches the above-mentioned investment criteria. Such business will become part of the Group's financial investment portfolio. There is a structured secondary market which provides liquidity to the trading of the underlying aircraft.

During the second half of the year, the Group has acquired or committed to acquire a total of 36 aircrafts which included 30 Airbus narrow body passenger aircraft and 6 Boeing narrow body passenger aircraft. For the Group, such acquisition and the present Sale and Purchase Transactions mark the beginning of the plan to build the business into a meaningful size and are consistent with its current strategy to broaden its income growth prospects through diversification and globalization based on its stringent investment criteria.

With the property business continuing to be its core operations, the Group is steadfast in its aim to maximise shareholders' value through the long-term sustainable growth of its business.

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

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

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.26% of the issued share capital of the Company. In addition, the Trust, together with Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor directly or indirectly hold an aggregate of approximately 30.16% of the issued share capital of CKHH. As disclosed in the listing document of the Company dated 8 May 2015, the Stock Exchange deemed each of the Company and CKHH to be a connected person of the other. Accordingly, the entering into of the Sale and Purchase Transactions between CKP Sub and CKHH Sub constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Sale and Purchase Transactions for the Company (on the basis that the CK Capital Acquisition and the Harrier Global Acquisition are aggregated for this purpose) exceeds 0.1% but is less than 5%, the Sale and Purchase Transactions are subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from requirements relating to circular, appointment of independent financial adviser and independent shareholders' approval under Chapter 14A of the Listing Rules.

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

## DEFINITIONS

“Board”	the board of directors of the Company
“Cheung Kong (Holdings)”	Cheung Kong (Holdings) Limited (長江實業 (集團) 有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of CKHH
“CK Capital”	CK Capital Limited, a limited liability company incorporated in the Cayman Islands, all the issued shares of which are currently owned by CKHH Sub
“CK Capital Acquisition”	the purchase by CKP Sub of the CK Capital Sale Shares from CKHH Sub, as contemplated under the Sale and Purchase Agreement
“CK Capital Group”	CK Capital and its subsidiaries
“CK Capital Loan”	a loan in the principal amount of approximately US\$172 million (equivalent to approximately HK\$1,335 million) currently owing by CKHH Sub to CK Capital which is non-interest bearing and has no fixed repayment term
“CK Capital Sale Shares”	1,000,000,000 issued shares in CK Capital owned by CKHH Sub, representing all the issued shares of CK Capital
“CKHH”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0001)
“CKHH Group”	CKHH and its subsidiaries
“CKHH Sub”	CK Capital Investment Limited, a limited liability company incorporated in the British Virgin Islands, and an indirect wholly-owned subsidiary of CKHH
“CKP Sub”	Accipiter Investments Limited, a company incorporated in the British Virgin Islands, and a direct wholly-owned subsidiary of the Company
“Company”	Cheung Kong Property Holdings Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1113)
“Completion”	completion of the Sale and Purchase Transactions pursuant to the Sale and Purchase Agreement

“Conditions Precedent”	the conditions to which Completion is subject, as set out in the section “ <i>The Sale and Purchase Agreement – Conditions Precedent</i> ” above
“connected person”	has the meaning ascribed to such expression under the Listing Rules
“Consents”	any licence, consent, approval, authorization, permission, clearance, waiver, order or exemption (whether governmental or otherwise) required from any relevant government authority or any third parties under applicable laws, rules or regulations or otherwise
“DT1”	The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1
“DT2”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
“DT3”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3
“DT4”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4
“Group”	the Company and its subsidiaries
“Harrier Global”	Harrier Global Limited, a limited liability company incorporated in the British Virgin Islands, the entire issued share capital of which is currently owned by CKHH Sub
“Harrier Global Acquisition”	the purchase by CKP Sub of the Harrier Global Sale Share, as contemplated under the Sale and Purchase Agreement
“Harrier Global Sale Share”	1 issued share in Harrier Global owned by CKHH Sub, representing the entire issued share capital of Harrier Global
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“LKSOFF”	Li Ka Shing (Overseas) Foundation, a company limited by guarantee and incorporated in the Cayman Islands
“MCAP”	MC Aviation Partners Inc, a company organised and existing under the laws of Japan, and an existing shareholder of Vermillion interested in 40% of the issued shares of Vermillion
“Sale and Purchase Agreement”	the agreement dated 2 December 2016 entered into between CKHH Sub and CKP Sub relating to the sale and purchase of (i) the CK Capital Sale Shares, and (ii) the Harrier Global Sale Share
“Sale and Purchase Transactions”	the CK Capital Acquisition and the Harrier Global Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TDT1”	Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1
“TDT2”	Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2
“TDT3”	Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3
“TDT4”	Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4
“Trust”	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States of America
“UT1”	The Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust

“Vermillion”	Vermillion Aviation Holdings Limited, a joint venture company the issued shares of which are owned by Harrier Global as to 50%
“Vermillion Group”	Vermillion and its subsidiaries
“%”	per cent.

*In this Announcement, certain amounts stated in HK Dollars have been converted from US Dollars at the exchange rate of US\$1 = HK\$7.76. Those amounts are so stated for illustration purposes only and do not constitute a representation that any amount in US Dollars has been, could have been or may be converted at such exchange rate or at any other rates or at all.*

By Order of the Board  
**CHEUNG KONG PROPERTY HOLDINGS LIMITED**  
**Eirene Yeung**  
*Company Secretary*

Hong Kong, 2 December 2016

The Directors of the Company as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Simon MURRAY and Mr. YEH Yuan Chang, Anthony as Independent Non-executive Directors.