

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to CK Hutchison Europe Finance (18) Limited (the “**Issuer**”), CK Hutchison Holdings Limited (the “**Guarantor**”), Barclays Capital Inc., BNP Paribas, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited and ING Bank N.V. (the “**Lead Managers**”) that: (1) you are not in the United States nor a U.S. person, as defined in Regulation S under the Securities Act (“**Regulation S**”), (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States AND (3) you consent to delivery of this document by electronic transmission. To the extent you purchase the securities described in the attached document, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S.

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Restrictions: Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor and the Lead Managers to subscribe or purchase any of the securities described therein. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by laws.

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CK Hutchison Europe Finance (18) Limited

(incorporated in the Cayman Islands with limited liability)

Series A €750,000,000 1.25% Guaranteed Notes due 2025

Series B €500,000,000 2.00% Guaranteed Notes due 2030

unconditionally and irrevocably guaranteed by

CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Issue price: Series A Notes: 99.495 per cent.; Series B Notes: 99.546 per cent.

The Series A €750,000,000 1.25% Guaranteed Notes due 2025 (the “Series A Notes”) and the Series B €500,000,000 2.00% Guaranteed Notes due 2030 (the “Series B Notes”) and, together with the Series A Notes, the “Notes”) of CK Hutchison Europe Finance (18) Limited (the “Issuer”) unconditionally and irrevocably guaranteed by CK Hutchison Holdings Limited (the “Guarantor” or the “Company”) will mature on 13 April 2025 in the case of Series A Notes and 13 April 2030 in the case of Series B Notes. The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Series A Notes will bear interest from and including 13 April 2018 to but excluding 13 April 2025 at a rate of 1.25 per cent. per annum. The Series B Notes will bear interest from and including 13 April 2018 to but excluding 13 April 2030 at a rate of 2.00 per cent. per annum. In each case, interest will be payable annually in arrear on each Interest Payment Date and the first Interest Payment Date (as defined herein) will be 13 April 2019, in respect of the period from and including 13 April 2018 to but excluding 13 April 2019, as further described and except as mentioned under “Terms and Conditions of the Series A Notes” and “Terms and Conditions of the Series B Notes”.

The Issuer may redeem the Notes at any time at par plus accrued interest in the event of certain tax changes. See “Terms and Conditions of the Series A Notes — Redemption and Purchase” and “Terms and Conditions of the Series B Notes — Redemption and Purchase”.

Application will be made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the SGX-ST. See “General Information”. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or the Notes.

The Notes are expected to be rated “A-” by Fitch Ratings Ltd., “A2” by Moody’s Investors Service Limited and “A-” by S&P Global Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Investing in the Notes involves risks that are described in the “Risk Factors” section beginning on page 13 of this Offering Circular.

Each series of Notes will be in bearer form and will initially be represented by a temporary global note (a “Temporary Global Note”), without interest coupons, which will be deposited on or about 13 April 2018 (the “Closing Date”) with a common depositary for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note for the relevant series of Notes (each a “Permanent Global Note” and, together with the Temporary Global Notes, the “Global Notes”), without interest coupons, on or after 23 May 2018, upon certification as to non-U.S. beneficial ownership. Interests in the relevant Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances — see “Summary of Provisions relating to the Notes while in Global Form”.

BARCLAYS

BNP PARIBAS

CRÉDIT AGRICOLE CIB

HSBC

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The date of this Offering Circular is 10 April 2018.

Except as provided below or in respect of any statements contained in this Offering Circular relating to the opinion of the manufacturers (as defined below) with respect to the target market assessment for the Notes, the Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular which is material in the context of the offering of the Notes. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken reasonable care to ensure that such is the case) the information contained in this Offering Circular (subject as set out below in respect of information contained herein provided by other sources referred to herein) is in accordance with the material facts and does not omit anything likely to materially affect the import of such information. The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information with respect to the Issuer, the Guarantor and the Notes which is material in the context of the issue and offering of the Notes, that such information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that the Issuer and the Guarantor are not aware of any facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or the Lead Managers (as defined under “Subscription and Sale”). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Guarantor or the Lead Managers to subscribe for, or purchase, any of the Notes. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Lead Managers have not separately verified the information contained herein. Accordingly, except as otherwise indicated in this Offering Circular, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Lead Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Notes or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or the Lead Managers that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor.

MiFID II product governance / Professional investors and ECPs only target market — Solely for the purposes of the product approval process of each of BNP Paribas and ING Bank N.V. (the “manufacturers”), the target market assessment by the manufacturers (and for which the manufacturers solely are responsible) in respect of the Notes has led to the conclusion by the manufacturers that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are in bearer form subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of

Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Offering Circular, see “Subscription and Sale”.

The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Each person into whose possession this Offering Circular comes is required by the Issuer, the Guarantor and the Lead Managers to inform itself about and to observe any such restrictions.

This Offering Circular is based on information provided by the Issuer and the Guarantor and by other sources referred to herein that they believe are reliable. The Issuer and the Guarantor accept responsibility for accurately reproducing such information provided by such other sources. The Issuer and the Guarantor accept no further or other responsibility in respect of such information. No assurance can be given that this information is accurate or complete. This Offering Circular summarises certain documents and other information and investors should refer to them for a more complete understanding of what is discussed in this Offering Circular. In making an investment decision, each investor must rely on its own examination of the Issuer and the Guarantor and the terms of the offering and the Notes, including the merits and risks involved.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the financial position of CKHH (as defined under “Currency of Presentation and Certain Definitions”), business strategy plans and objectives of management for future operations, are forward-looking statements. Investors can identify some of these forward-looking statements by terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words.

However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding CKHH’s expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements are only expectations and involve known and unknown risks, uncertainties and other factors that may cause CKHH’s actual results, performance or achievements to be materially different from any historical results, future results, performance or achievements expected, expressed or implied by these forward-looking statements.

These forward-looking statements speak only as at the date of the Offering Circular. Given the risks and uncertainties that may cause CKHH’s actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Offering Circular, investors are advised not to place undue reliance on those statements. CKHH does not represent or warrant to investors that its actual future results, performance or achievements will be as discussed in those statements. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s or the Guarantor’s expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

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IN CONNECTION WITH THE ISSUE OF THE NOTES, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

CURRENCY OF PRESENTATION AND CERTAIN DEFINITIONS

“CKHH” means CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and its subsidiaries, unless the context otherwise requires, and references in CKHH’s audited consolidated financial statements to the “Group” are to CKHH and all of its direct and indirect subsidiaries and also includes CKHH’s interest in associated companies (or “associates”) and joint arrangements on the basis set forth in Notes 2(b), 2(c) and 2(d), respectively, to the consolidated financial statements of CKHH for the year ended 31 December 2017 incorporated by reference in this Offering Circular. For purposes of this Offering Circular only, “PRC” means the People’s Republic of China, “Mainland” means the People’s Republic of China excluding Hong Kong, Macau and Taiwan and “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

CKHH publishes its financial statements in Hong Kong dollars (“HK\$”). For the convenience of the readers, this Offering Circular presents translations into U.S. dollars (“US\$”) of certain Hong Kong dollar amounts at the rate of HK\$7.80 = US\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate. On 30 March 2018, the noon buying rate in New York City for cable transfers in foreign currencies, as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”), was HK\$7.85 = US\$1.00. This Offering Circular also includes Pound Sterling (“£”), Euro (“€”), Australian dollar (“A\$”), Canadian dollar (“C\$”), Renminbi (“RMB”), and certain other currency amounts. The Hong Kong dollar equivalent amounts presented are translated at the approximate exchange rate at the time of the transactions to which they apply.

As used in this Offering Circular, EBIT or LBIT represents the EBIT (LBIT) of CKHH as well as CKHH’s share of the EBIT (LBIT) of associates and joint ventures except for Hutchison Port Holdings Trust (“HPH Trust”) which are included based on CKHH’s effective share of EBIT for those operations during the respective financial period. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in CKHH’s financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. CKHH considers EBIT (LBIT) to be an important performance measure which is used in CKHH’s internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the EBIT (LBIT) measures used by CKHH may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

EBITDA represents the EBITDA of CKHH as well as CKHH’s share of the EBITDA of associates and joint ventures except for HPH Trust which are included based on CKHH’s effective share of EBITDA for those operations during the respective financial period. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings. Information concerning EBITDA has been included in CKHH’s financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cashflow generation. CKHH considers EBITDA to be an important performance measure which is used in CKHH’s internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA measures used by CKHH may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cashflows or results from operations as determined in accordance with HKFRS.

SUMMARY OF THE OFFERING

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see the sections entitled “Terms and Conditions of the Series A Notes” and “Terms and Conditions of the Series B Notes”.

Issuer	CK Hutchison Europe Finance (18) Limited
Guarantor	CK Hutchison Holdings Limited
Notes Offered	Series A Notes: Euro 750,000,000 1.25% Guaranteed Notes due 2025 unconditionally and irrevocably guaranteed by CK Hutchison Holdings Limited. Series B Notes: Euro 500,000,000 2.00% Guaranteed Notes due 2030 unconditionally and irrevocably guaranteed by CK Hutchison Holdings Limited.
Issue Price	Series A: 99.495 per cent. Series B: 99.546 per cent.
Maturity Date	Series A: 13 April 2025 Series B: 13 April 2030
Interest and Interest Payment Dates	The Series A Notes and the Series B Notes will bear interest from and including 13 April 2018 (the “Interest Commencement Date”) at the rate of 1.25 per cent. and 2.00 per cent. respectively, payable annually in arrear on 13 April in each year (each an “Interest Payment Date”). The first Interest Payment Date will be 13 April 2019, in respect of the period from and including the Interest Commencement Date to but excluding 13 April 2019. If interest is to be calculated for a period of less than a full year, interest shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366.
Status of Notes and Guarantee	The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4 of the relevant series of the Notes) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank <i>pari passu</i>, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4 of the relevant series of the Notes) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.
Covenants	The Issuer and the Guarantor have agreed to observe certain covenants. See the section entitled “Terms and Conditions of the Series A Notes — Covenants” and “Terms and Conditions of the Series B Notes — Covenants”.

Additional Amounts

In the event that certain Cayman Islands taxes are payable in respect of payments pursuant to the Notes, the Coupons or the Guarantee, the Issuer or the Guarantor, as the case may be, will, subject to certain exceptions, pay such additional amounts under the Notes, the Coupons or the Guarantee, as the case may be, as will result, after deduction or withholding of such taxes, in the receipt by the holders of the Notes and the Coupons of such amounts as would have been receivable in respect of the Notes, the Coupons or the Guarantee, as the case may be, had no such deduction or withholding been required.

The Issuer, the Guarantor or any of its respective agents making a payment on its behalf shall be permitted to withhold or deduct from any payment of principal or interest any amounts (i) required by the rules of U.S. Internal Revenue Code of 1986 (the “Code”) Sections 1471 through 1474 (or any amended or successor provisions), any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an inter-governmental approach thereto, (ii) pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or (iii) pursuant to any agreement with the U.S. Internal Revenue Service (“FATCA withholding”), as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the Guarantor not being entitled to receive such payment free of FATCA withholding. The Issuer, the Guarantor and its agents will have no liability for or have any obligation to pay additional amounts in respect of any such FATCA withholding deducted or withheld by the Issuer, the Guarantor, any of its respective agents or any other party.

See the section entitled “Terms and Conditions of the Series A Notes — Taxation” and “Terms and Conditions of the Series B Notes — Taxation”.

Early Redemption

None, except that Notes may be redeemed at the option of the Issuer, in whole but not in part with respect to the Notes, at the principal amount thereof plus accrued and unpaid interest, in the event the Issuer or the Guarantor would become obligated to pay certain Cayman Islands taxes in respect of the Notes. See the section entitled “Terms and Conditions of the Series A Notes — Redemption and Purchase” and “Terms and Conditions of the Series B Notes — Redemption and Purchase”.

Denomination, Form and Registration

The Notes are in bearer form, and, in the case of definitive Notes, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof with Coupons attached on issue.

Each series of Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited on or about the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the relevant Temporary Global Note will be exchangeable for interests in a Permanent Global Note, without interest coupons, on or after 23 May 2018, upon certification as to non-U.S. beneficial ownership. Interests in the relevant Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances — see “Summary of Provisions relating to the Notes while in Global Form”.

Governing Law	The Agency Agreement, the Guarantee, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with such documents will be governed by, and will be construed in accordance with, English law.
Ratings	The Notes are expected to be rated “A-” by Fitch Ratings Ltd., “A2” by Moody’s Investors Service Limited and “A-” by S&P Global Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Transfer Restrictions	No action has been taken by the Issuer or the Guarantor that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. See the section entitled “Subscription and Sale”.
Listing	Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, for permission to deal in and the listing of the Notes. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of €200,000. For so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore. See “General Information”.
Identification numbers of the Notes	Series A Notes: ISIN XS1806124753/Common Code 180612475 Series B Notes: ISIN XS1806130305/Common Code 180613030

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(A) Historical consolidated financial information of CKHH

The following tables set out selected historical consolidated financial information of CKHH, including:

- (1) Selected historical consolidated financial information of CKHH as of 31 December 2017 and 2016 and for each of the years then ended.

Such information has been extracted from CKHH's audited consolidated financial statements for the year ended 31 December 2017, incorporated by reference herein. This information should be read in conjunction with CKHH's audited consolidated financial statements for the year ended 31 December 2017, including comparative information in respect of the preceding year ended 31 December 2016 and the notes thereto, and other financial information that is incorporated by reference and/or included elsewhere in this Offering Circular.

- (2) Selected historical consolidated financial information of CKHH as of 31 December 2015 and for the year then ended.

With the exception of the two amounts set out below, such information has been extracted from the comparative information reported in CKHH's audited consolidated financial statements for the year ended 31 December 2016, incorporated by reference herein. This information should be read in conjunction with CKHH's audited consolidated financial statements for the year ended 31 December 2016, including comparative information in respect of the preceding year ended 31 December 2015 and the notes thereto, and other financial information that is incorporated by reference and/or included elsewhere in this Offering Circular.

In 2017, CKHH adopted a change in presentation of consolidated income statement line items, which has no impact on CKHH's results for the year. Previously, certain other items including impairment of certain ports assets, remeasurement gain in interest in a port operation and CKHH's share of the results of the joint venture Vodafone Hutchison Australia Pty Limited ("VHA") were presented within the consolidated income statement line item titled "Profits on disposal of investments and others". With effect from the year ended 31 December 2017, these other items are presented within the consolidated income statement line item titled "Other operating expenses". The comparative information in respect of the preceding year ended 31 December 2016 reported in CKHH's consolidated income statement for the year ended 31 December 2017 has been reclassified accordingly to conform with this presentation. The previously published consolidated income statement for the year ended 31 December 2015 has not been updated for this reclassification. For consistency and comparison purposes, the selected historical consolidated financial information sets out in the table "Consolidated Income Statement" below for the year ended 31 December 2015 is derived by adjusting the amounts shown as the comparative information in respect of the preceding year ended 31 December 2015 reported in CKHH's audited consolidated financial statements for the year ended 31 December 2016 for the effects of this change in presentation. This reclassification has no impact on CKHH's results for the year ended 31 December 2015 and is summarised as follows:

For the year ended 31 December 2015	As previously reported	Effect of a change in presentation	As reported under current presentation
	HK\$ million	HK\$ million	HK\$ million
Other operating expenses	(31,675)	(647)	(32,322)
Profits on disposal of investments and others	13,613	647	14,260

CKHH's consolidated financial statements are prepared and presented in accordance with HKFRS.

CKHH's consolidated financial statements for the years ended 31 December 2017, 2016 and 2015 have been audited by PricewaterhouseCoopers ("PwC"), Certified Public Accountants, Hong Kong, as stated in their unqualified audit reports dated 16 March 2018, 22 March 2017 and 17 March 2016, respectively.

Financial statements and financial information of the Issuer have not been presented since the Issuer's primary business relates to the financing of CKHH's operations.

The translations of Hong Kong dollar amounts into U.S. dollars were made at the rate of HK\$7.80 = US\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

CK Hutchison Holdings Limited
Consolidated Income Statement

	Year Ended 31 December			
	2015	2016	2017	2017
	HK\$ million (other than per share amounts)	HK\$ million (other than per share amounts)	HK\$ million (other than per share amounts)	US\$ million (other than per share amounts)
Continuing operations				
Revenue	166,760	259,842	248,515	31,861
Cost of inventories sold	(68,243)	(101,943)	(101,328)	(12,991)
Staff costs	(20,178)	(32,792)	(33,572)	(4,304)
Telecommunications customer acquisition costs	(12,364)	(19,170)	(16,545)	(2,121)
Depreciation and amortisation	(9,618)	(16,014)	(17,105)	(2,193)
Other operating expenses	(32,322)	(52,955)	(44,570)	(5,714)
Profits on disposal of investments and others	14,260	—	—	—
Share of profits less losses of:				
Associated companies	7,445	6,362	6,797	871
Joint ventures	6,187	10,251	12,500	1,603
Associated companies' profits on disposal of investments and others . . .	(196)	—	—	—
Profit before the following:	51,731	53,581	54,692	7,012
Interest expenses and other finance costs .	(4,470)	(7,118)	(8,274)	(1,061)
Profit before tax	47,261	46,463	46,418	5,951
Current tax credit (charge)	(2,629)	(3,334)	(5,415)	(694)
Deferred tax credit (charge)	(266)	(1,217)	2,599	333
Profit after tax from continuing operations	44,366	41,912	43,602	5,590
Discontinued operations				
Profit after tax from discontinued operations	80,514	—	—	—
Profit after tax	<u>124,880</u>	<u>41,912</u>	<u>43,602</u>	<u>5,590</u>
Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:				
Continuing operations	(6,177)	(8,904)	(8,502)	(1,090)
Discontinued operations	(133)	—	—	—
	<u>(6,310)</u>	<u>(8,904)</u>	<u>(8,502)</u>	<u>(1,090)</u>
Profit attributable to ordinary shareholders arises from:				
Continuing operations	38,189	33,008	35,100	4,500
Discontinued operations	80,381	—	—	—
	<u>118,570</u>	<u>33,008</u>	<u>35,100</u>	<u>4,500</u>
Earnings per share for profit attributable to ordinary shareholders arises from:				
Continuing operations	HK\$11.89	HK\$8.55	HK\$9.10	US\$1.17
Discontinued operations	HK\$25.02	—	—	—
	<u>HK\$36.91</u>	<u>HK\$8.55</u>	<u>HK\$9.10</u>	<u>US\$1.17</u>

CK Hutchison Holdings Limited
Consolidated Statement of Financial Position

	As of 31 December			
	2015	2016	2017	2017
	HK\$ million	HK\$ million	HK\$ million	US\$ million
Non-current assets				
Fixed assets	179,855	145,598	158,789	20,358
Investment properties	334	344	360	46
Leasehold land	7,215	8,155	8,305	1,065
Telecommunications licences	32,608	23,936	27,271	3,496
Brand names and other rights	82,233	73,625	75,985	9,742
Goodwill	261,449	254,748	255,334	32,735
Associated companies	148,372	150,406	145,343	18,634
Interests in joint ventures	92,425	106,253	162,134	20,786
Deferred tax assets	20,986	15,856	20,195	2,589
Other non-current assets	4,238	5,096	5,180	664
Liquid funds and other listed investments . . .	10,255	5,954	7,813	1,002
	<u>839,970</u>	<u>789,971</u>	<u>866,709</u>	<u>111,117</u>
Current assets				
Cash and cash equivalents	121,171	156,270	160,470	20,573
Trade and other receivables	52,042	48,372	51,368	6,585
Inventories	19,761	18,852	21,708	2,783
	<u>192,974</u>	<u>223,494</u>	<u>233,546</u>	<u>29,941</u>
Current liabilities				
Trade and other payables	94,849	83,098	90,228	11,568
Bank and other debts	33,016	71,880	21,712	2,783
Current tax liabilities	2,438	2,334	2,948	378
	<u>130,303</u>	<u>157,312</u>	<u>114,888</u>	<u>14,729</u>
Net current assets	<u>62,671</u>	<u>66,182</u>	<u>118,658</u>	<u>15,212</u>
Total assets less current liabilities	<u>902,641</u>	<u>856,153</u>	<u>985,367</u>	<u>126,329</u>
Non-current liabilities				
Bank and other debts	270,536	231,260	310,276	39,779
Interest bearing loans from non-controlling shareholders	4,827	4,283	3,143	403
Deferred tax liabilities	26,062	23,692	25,583	3,280
Pension obligations	4,066	5,369	3,770	483
Other non-current liabilities	48,039	47,359	51,048	6,545
	<u>353,530</u>	<u>311,963</u>	<u>393,820</u>	<u>50,490</u>
Net assets	<u>549,111</u>	<u>544,190</u>	<u>591,547</u>	<u>75,839</u>
Capital and reserves				
Share capital	3,860	3,858	3,858	495
Share premium	244,691	244,505	244,505	31,347
Perpetual capital securities	35,153	30,510	29,481	3,779
Reserves	144,884	145,806	181,693	23,294
Total ordinary shareholders' funds and perpetual capital securities	428,588	424,679	459,537	58,915
Non-controlling interests	120,523	119,511	132,010	16,924
Total equity	<u>549,111</u>	<u>544,190</u>	<u>591,547</u>	<u>75,839</u>

CK Hutchison Holdings Limited
Consolidated Statement of Cash Flows

	Year Ended 31 December			
	2015	2016	2017	2017
	HK\$ million	HK\$ million	HK\$ million	US\$ million
Operating activities				
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	49,924	62,051	68,137	8,735
Interest expenses and other finance costs paid (net of capitalisation)	(6,038)	(9,499)	(9,375)	(1,202)
Tax paid	(2,169)	(3,364)	(4,870)	(624)
Funds from operations	<u>41,717</u>	<u>49,188</u>	<u>53,892</u>	<u>6,909</u>
Changes in working capital	2,832	(8,850)	(296)	(38)
Net cash from operating activities	<u>44,549</u>	<u>40,338</u>	<u>53,596</u>	<u>6,871</u>
Investing activities				
Purchase of fixed assets	(22,494)	(20,046)	(23,521)	(3,015)
Additions to leasehold land	—	—	(149)	(19)
Additions to telecommunications licences	(2,448)	(4,013)	(216)	(28)
Additions to brand names and other rights	(540)	(487)	(29)	(4)
Purchase of subsidiary companies	109,803	(333)	(3,724)	(477)
Additions to other unlisted investments	(68)	(87)	(130)	(17)
Repayments from associated companies and joint ventures	3,078	2,024	804	103
Purchase of and advances to associated companies and joint ventures	(21,225)	(2,066)	(37,798)	(4,846)
Proceeds on disposal of fixed assets	471	393	2,231	286
Proceeds on disposal of subsidiary companies	(640)	2,847	14,201	1,821
Proceeds on partial disposal/disposal of associated companies and joint ventures	3,642	—	1,348	173
Proceeds on disposal of other unlisted investments	<u>403</u>	<u>107</u>	<u>19</u>	<u>2</u>
Cash flows from (used in) investing activities before additions to/disposal of liquid funds and other listed investments	69,982	(21,661)	(46,964)	(6,021)
Disposal of liquid funds and other listed investments	2,718	4,446	278	36
Additions to liquid funds and other listed investments	<u>(132)</u>	<u>(812)</u>	<u>(1,997)</u>	<u>(256)</u>
Cash flow from (used in) investing activities	<u>72,568</u>	<u>(18,027)</u>	<u>(48,683)</u>	<u>(6,241)</u>
Net cash inflow before financing activities	<u>117,117</u>	<u>22,311</u>	<u>4,913</u>	<u>630</u>
Financing activities				
New borrowings	28,065	76,306	100,488	12,883
Repayment of borrowings	(66,028)	(45,365)	(87,674)	(11,240)
Net loans from (to) non-controlling shareholders	(889)	59	(2,139)	(274)
Issue of equity securities by subsidiary companies to non-controlling shareholders	<u>(145)</u>	<u>1,093</u>	<u>1,584</u>	<u>203</u>

	Year Ended 31 December			
	2015	2016	2017	2017
	HK\$ million	HK\$ million	HK\$ million	US\$ million
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	—	9,245	5,063	649
Redemption of perpetual capital securities by a subsidiary	—	(7,800)	—	—
Transaction costs in relation to issuance of shares by a subsidiary	—	—	(68)	(9)
Payments to acquire additional interests in subsidiary companies	—	(339)	(356)	(46)
Proceeds on partial disposal of subsidiary company	20	353	—	—
Proceeds on issue of perpetual capital securities, net of transaction costs	—	—	7,738	992
Redemption of perpetual capital securities	(13,299)	(4,210)	(8,800)	(1,128)
Payments for buy-back and cancellation of issued shares	—	(189)	—	—
Dividends paid to ordinary shareholders	(9,687)	(9,977)	(10,512)	(1,348)
Dividends paid to non-controlling interests	(2,997)	(4,902)	(4,845)	(621)
Distributions paid on perpetual capital securities	(1,072)	(1,486)	(1,192)	(153)
Distribution In Specie	40,649	—	—	—
Cash flows from (used in) financing activities	(25,383)	12,788	(713)	(92)
Increase in cash and cash equivalents	91,734	35,099	4,200	538
Cash and cash equivalents at 1 January	29,437	121,171	156,270	20,035
Cash and cash equivalents at 31 December	121,171	156,270	160,470	20,573
Additional information:				
Analysis of net cash flows				
Operating net cash inflows arises from:				
Continuing operations	40,474	40,338	53,596	6,871
Discontinued operations	4,075	—	—	—
	<u>44,549</u>	<u>40,338</u>	<u>53,596</u>	<u>6,871</u>
Investing net cash inflows (outflows) arises from:				
Continuing operations	77,650	(18,027)	(48,683)	(6,241)
Discontinued operations	(5,082)	—	—	—
	<u>72,568</u>	<u>(18,027)</u>	<u>(48,683)</u>	<u>(6,241)</u>
Financing net cash inflows (outflows) arises from:				
Continuing operations	(25,183)	12,788	(713)	(92)
Discontinued operations	(200)	—	—	—
	<u>(25,383)</u>	<u>12,788</u>	<u>(713)</u>	<u>(92)</u>
Total net cash inflows (outflows) arises from:				
Continuing operations	92,941	35,099	4,200	538
Discontinued operations	(1,207)	—	—	—
	<u>91,734</u>	<u>35,099</u>	<u>4,200</u>	<u>538</u>

	Year Ended 31 December			
	2015	2016	2017	2017
	HK\$ million	HK\$ million	HK\$ million	US\$ million
Analysis of cash, liquid funds and other listed investments				
Cash and cash equivalents, as above	121,171	156,270	160,470	20,573
Liquid funds and other listed investments .	<u>10,255</u>	<u>5,954</u>	<u>7,813</u>	<u>1,002</u>
Total cash, liquid funds and other listed investments	131,426	162,224	168,283	21,575
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions . .	304,006	304,030	333,155	42,712
Interest bearing loans from non-controlling shareholders	<u>4,827</u>	<u>4,283</u>	<u>3,143</u>	<u>403</u>
Net debt	177,407	146,089	168,015	21,540
Interest bearing loans from non-controlling shareholders	<u>(4,827)</u>	<u>(4,283)</u>	<u>(3,143)</u>	<u>(403)</u>
Net debt (excluding interest bearing loans from non-controlling shareholders)	<u>172,580</u>	<u>141,806</u>	<u>164,872</u>	<u>21,137</u>

(B) Historical and pro forma consolidated information of CKHH

The following table sets out selected historical and pro forma consolidated financial information of CKHH, including:

- (1) Selected historical consolidated financial information of CKHH for the years ended 31 December 2017 and 2016.

Such information has been extracted from CKHH's Financial Performance Summary for the year ended 31 December 2017, incorporated by reference herein. This information should be read in conjunction with CKHH's Financial Performance Summary for the year ended 31 December 2017, including comparative information in respect of the preceding year ended 31 December 2016 and the notes thereto, and other financial information that is incorporated by reference and/or included elsewhere in this Offering Circular.

- (2) Selected pro forma consolidated financial information of CKHH for the year ended 31 December 2015.

The pro forma consolidated financial information was prepared as if the Reorganisation was effective on 1 January 2015. This presentation is consistent with the way CKHH manages its businesses and enables the underlying performance of CKHH to be evaluated on a comparable basis. Further details on the Reorganisation are included under the section "Business of CKHH" of this Offering Circular.

In 2017, CKHH adopted a change in presentation of Financial Performance Summary line items, which has no impact on CKHH's profit attributable to ordinary shareholders for the year. Previously, certain other items including impairment of certain ports assets, remeasurement gain in interest in a port operation and CKHH's share of the results of joint venture VHA were presented within the Financial Performance Summary line item titled "Profits on disposal of investments & others, after tax". With effect from the year ended 31 December 2017, these other items are incorporated, line by line, in the Financial Performance Summary and, where applicable, presented under "Finance & Investments and Others". The comparative information in respect of the preceding year ended 31 December 2016 reported in CKHH's Financial Performance Summary for the year ended 31 December 2017 has been reclassified accordingly to conform with this presentation. The previously published Financial Performance Summary for the year ended 31 December 2015 has not been updated for this reclassification. For consistency and comparison purposes, the selected pro forma consolidated financial information sets out in the table "Historical and Pro Forma Income Statement" below for the year ended 31 December 2015 is derived by adjusting the amounts shown as the comparative information in respect of the preceding year ended 31 December 2015 reported in CKHH's Financial Performance Summary for the year ended 31 December 2016, incorporated by reference herein, for the effect of this change in presentation. This reclassification has no impact on CKHH's profits attributable to ordinary shareholders for the year ended 31 December 2015 and is summarised as follows:

For the year ended 31 December 2015	As previously reported	Effect of a change in presentation	As reported under current presentation
	HK\$ million	HK\$ million	HK\$ million
Revenue - Finance & Investments and Others	22,563	9,503	32,066
EBITDA - Finance & Investments and Others	2,142	2,267	4,409
EBIT - Finance & Investments and Others	1,822	130	1,952
Interest expenses and other finance costs	(12,581)	(1,223)	(13,804)
Non-controlling interests and perpetual capital securities holders' interests	(10,173)	133	(10,040)
Profits on disposal of investments and others, after tax. .	(960)	960	—

The selected pro forma consolidated financial information should be read in conjunction with CKHH's Financial Performance Summary for the year ended 31 December 2016, including comparative information in respect of the preceding year ended 31 December 2015 and the notes thereto, PwC's Independent Assurance Report on the Unaudited Pro Forma Financial Information for the year ended 31 December 2015, CKHH's Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015, including the notes thereto, incorporated by reference herein, and other financial information that is included elsewhere in this Offering Circular.

The translations of Hong Kong dollar amounts into U.S. dollars were made at the rate of HK\$7.80 = US\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

CK Hutchison Holdings Limited
Historical and Pro Forma Income Statement:

	Year Ended 31 December			
	CKHH Pro forma 2015	CKHH Actual 2016	CKHH Actual 2017	CKHH Actual 2017
	HK\$ million	HK\$ million	HK\$ million	US\$ million
Total Revenue				
Ports and Related Services.	34,009	32,184	34,146	4,378
Retail.	151,903	151,502	156,163	20,021
Infrastructure.	55,762	53,211	57,369	7,355
Husky Energy.	40,029	30,467	44,948	5,762
3 Group Europe.	62,799	62,415	70,734	9,068
Hutchison Telecommunications Hong Kong Holdings.	22,122	12,133	9,685	1,242
Hutchison Asia Telecommunications.	6,900	8,200	7,695	987
Finance & Investments and Others.	32,066	32,211	34,097	4,371
Total Revenue.	405,590	382,323	414,837	53,184
Total EBITDA				
Ports and Related Services.	11,964	11,639	12,563	1,611
Retail.	14,838	14,567	14,798	1,897
Infrastructure.	32,291	31,128	33,033	4,235
Husky Energy.	9,375	9,284	8,992	1,153
3 Group Europe.	17,396	18,944	24,337	3,120
Hutchison Telecommunications Hong Kong Holdings.	2,911	2,607	4,337	556
Hutchison Asia Telecommunications.	1,176	2,298	558	72
Finance & Investments and Others.	4,409	4,058	5,736	735
Total EBITDA.	94,360	94,525	104,354	13,379
Total EBIT				
Ports and Related Services.	7,957	7,567	8,219	1,054
Retail.	12,328	12,059	12,089	1,550
Infrastructure.	23,477	22,162	23,449	3,006
Husky Energy.	2,229	3,429	2,703	347
3 Group Europe.	11,664	12,838	16,567	2,124
Hutchison Telecommunications Hong Kong Holdings.	1,426	1,055	707	91
Hutchison Asia Telecommunications.	1,176	2,130	226	29
Finance & Investments and Others.	1,952	1,879	3,632	465
Total EBIT.	62,209	63,119	67,592	8,666
Interest expenses and other finance costs.	(13,804)	(13,278)	(18,024)	(2,311)
Profit before tax.	48,405	49,841	49,568	6,355
Tax				
Current tax.	(6,734)	(6,247)	(7,898)	(1,012)
Deferred tax.	(463)	(1,769)	1,843	236
Profit after tax.	41,208	41,825	43,513	5,579
Non-controlling interests and perpetual capital securities holders' interests.	(10,040)	(8,817)	(8,413)	(1,079)
Profit attributable to ordinary shareholders.	31,168	33,008	35,100	4,500

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in this Offering Circular:

1. Independent Auditor's Report on the Consolidated Financial Statements of the Guarantor for the year ended 31 December 2017, which is contained in the Guarantor's 2017 Annual Results Announcement;
2. Consolidated Financial Statements of the Guarantor for the year ended 31 December 2017, which includes comparative financial information for the year ended 31 December 2016, which are contained in the audited consolidated financial statements in the Guarantor's 2017 Annual Results Announcement;
3. Independent Auditor's Report on the Consolidated Financial Statements of the Guarantor for the year ended 31 December 2016, which is contained in the annual report of the Guarantor for the year ended 31 December 2016;
4. Consolidated Financial Statements of the Guarantor for the year ended 31 December 2016, which includes comparative financial information for the year ended 31 December 2015, which are contained in the audited consolidated financial statements in the annual report of the Guarantor for the year ended 31 December 2016;
5. Financial Performance Summary for the years ended 31 December 2017 and 31 December 2016, which are contained in the Guarantor's 2017 Annual Results Announcement;
6. Financial Performance Summary for the year ended 31 December 2015, which is contained in the annual report of the Guarantor for the year ended 31 December 2016;
7. Independent Assurance Report on the Unaudited Pro Forma Financial Information for the year ended 31 December 2015, which is contained in the annual report of the Guarantor for the year ended 31 December 2015; and
8. Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015, which is contained in the annual report of the Guarantor for the year ended 31 December 2015.

Copies of these documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Guarantor and the Fiscal Agent. See "General Information".

The Guarantor is not required to, and has not, published any accounts other than those published up to 31 December 2017.

RISK FACTORS

Investors should consider, among other things, the factors set forth below, as well as other considerations with respect to investment in Cayman Islands corporations not normally associated with investments in the securities of issuers in European countries, the United States ("U.S.") and other jurisdictions. This Offering Circular, including particularly the information set forth under the caption "Business of CKHH" to the extent that it describes properties, projects, business ventures or strategies at an early stage of development or fulfilment, includes "forward-looking statements". Although CKHH believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from CKHH's historical results and forward-looking statements are set forth in this Offering Circular, but particularly include those set forth below. All forward-looking statements attributable to CKHH or persons acting on its behalf are expressly qualified in their entirety by the investment considerations set forth below.

Global Economy

As a global business, CKHH is exposed to the development of the global economy as well as the industries and geographical markets in which it operates. As a result, CKHH's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect CKHH's financial condition or results of operations.

In general, volatility in the U.S. and worldwide credit and financial markets, fluctuations in oil and commodity prices, rising geopolitical risks and political turbulence and global trade competition have all contributed to the increased uncertainty of global economic prospects. The major rating actions of the countries in which CKHH operates included the lowering of the Mainland China's government bond rating from Aa3 (negative outlook) to A1 (stable outlook) by Moody's, which also led to a consequential adverse impact on Hong Kong with its government bond lowered from Aa1 (negative outlook) to Aa2 (stable outlook) in May 2017. In September 2017, the lowering of Mainland China's government bond rating from AA- (negative outlook) to A+ (stable outlook) by Standard & Poor's led to a consequential adverse impact on Hong Kong with its government bond lowered from AAA (negative outlook) to AA+ (stable outlook). Also in September 2017, Moody's lowered the United Kingdom ("UK")'s rating from Aa1 (negative outlook) to Aa2 (stable outlook).

Furthermore, the last global financial crisis affected not only the banking and financial sectors, but also the commercial sectors which rely on the availability of banking facilities and bank borrowings. If CKHH's customers are unable to borrow money, are put into liquidation, or experience financial difficulty, CKHH may not be paid by such customers on time or at all, and may experience a significant decline in the demand for its products and services. If another economic downturn occurs or if the weak economic sentiment continues, CKHH's business, financial condition, results of operations and prospects could experience deterioration.

CKHH's overall success as a global business depends, in part, upon its ability to succeed in different economic, social and political conditions. There can be no assurance that CKHH will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which CKHH conducts business could have a material adverse effect on CKHH's financial condition and results of operations.

Reliance on Major Industries, Currencies and Interest Rates

CKHH's results are affected by trends in the industries in which it operates, including the ports and related services, retail, infrastructure, energy and telecommunications industries. While CKHH believes that its diverse operations, geographical spread and extensive customer base reduce its exposure to particular industry cycles, its results have in the past been adversely affected by industry trends. For example, CKHH's results have been negatively impacted by depressed oil and gas prices, cyclical downturn in the business of shipping lines, declines in retail consumer sentiment, decline in the value of securities investments, and volatility in currencies and interest rates. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by CKHH in the future will not adversely affect its financial condition and results of operations.

In particular, income from CKHH's finance and treasury operations is dependent upon interest rates, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect CKHH's financial condition and results of operations.

Ports and Related Services

The container throughput handled by CKHH's ports and related services division is primarily dependent on global trading volume. The 2008 global economic crisis in the last decade and the resulting economic and financial uncertainty continues to have an adverse effect to varying degrees on the markets and geographies in which the ports and related services division operates. A 2016 referendum in the UK in support of leaving the European Union ("EU") posed downside risk to the global economic recovery and may have a potential negative impact on the UK economy. The depreciation of the Pound Sterling may also reduce the UK's imports from Asia, including the Mainland. If economic conditions deteriorate again, global throughput levels are expected to decrease.

In the Mainland, which accounts for a significant portion of the ports and related services division's total throughput, imports and exports were affected by the economic performance of the U.S. and Europe. The U.S. Federal Reserve raised interest rates for the first time in nearly a decade in December 2015 and interest rates further increased throughout 2017 in response to the strengthening U.S. economy. As a result of the rebound in economic activity in the U.S. during the second half of 2016 supported by robust employment data, outbound cargoes to the U.S. improved since the fourth quarter of 2016. However, the recent escalating concerns over a potential trade war between the U.S. and China may impact trade volumes. There can be no assurance that the recovery will continue, and any similar declines in imports and exports in the future could have a material adverse effect on the business operations and financial results of CKHH's ports and related services division.

CKHH's ports business is subject to significant competition, including possible vertical integrations of international shipping lines that are major clients of CKHH's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and may not require the use of CKHH's terminal facilities.

Furthermore, ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime or sentiment changes in less politically stable countries may affect port concessions granted to foreign international port operations including CKHH's port operations.

There can be no assurance that any of the above factors will not materially and adversely affect CKHH's financial condition and results of operations.

Retail

CKHH's retail division has regularly experienced fluctuations in consumer sentiments and price competition. In Europe and the UK, although there are signs of modest recovery, this recovery remains slow with reduced consumer traffic as well as increased caution in consumer spending which could materially and adversely affect the performance of the retail division's operations. Since 2015, the economic slowdown in the Mainland impacted retail market growth not only in the Mainland and Hong Kong, but also in other markets across Asia. Recent geopolitical tensions and social unrest also introduce further risks to CKHH's operations and financial results. In addition, significant competition and pricing pressure from both retail competitors from online and brick and mortar operations in Asia and Europe are expected to continue, which may materially and adversely affect the financial performance of CKHH's retail operations.

Retail Product Liability

CKHH's retail operations may be subject to product liability claims if consumers are injured or otherwise harmed by the products purchased from them. Customers count on CKHH's retail operations to provide them with safe products. Concerns regarding the safety of food and non-food products that are sourced from a wide variety of suppliers could cause shoppers to avoid purchasing certain products from CKHH's retail operations, even if the basis for the concern may be outside of CKHH's control. Claims, recalls or actions could be based on allegations that, among other things, the products sold by the retail operations are misbranded, contain contaminants or impermissible ingredients, provide inadequate instructions regarding their use or misuse, include inadequate warnings concerning flammability or interactions with other substances or in the case of any handset and other electrical devices that the retail operations sell, are not fit for purpose or pose a safety hazard. While CKHH maintains product

liability insurance coverage in amounts and with deductibles that CKHH believes are prudent, there can be no assurance that the coverage will be applicable and adequate to cover all possible adverse outcomes of claims and legal proceedings against CKHH. Any material shortfall in coverage may have an adverse impact on the results of CKHH's retail operations. In addition, any lost confidence on the part of CKHH's customers would be difficult and costly to re-establish. As such, any material issue regarding the safety of any food and non-food items that CKHH sells, regardless of the cause, could materially and adversely affect the business, and results of CKHH's retail operations.

Infrastructure

CK Infrastructure Holdings Limited ("CKI")

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy, transportation, water infrastructure and household infrastructure as well as infrastructure related business in Hong Kong, the Mainland, the UK, Australia, New Zealand, Canada and Continental Europe. Investments in large infrastructure and infrastructure related businesses are subject to potential political risks in the countries of operation. Although CKI's operations have not been adversely affected by any political actions to date, there can be no assurance that potential political risks associated with large infrastructure and infrastructure related businesses will not materially and adversely affect financial condition and results of operations in the future.

CKI has acquired and may continue to acquire businesses as opportunities arise. There could be difficulties managing or integrating the acquisitions, and the anticipated benefits of the acquisitions may or may not materialise. These difficulties could disrupt business, distract management and employees and increase expenses, any of which could materially and adversely affect CKHH's business, financial condition and results of operations.

In addition, certain infrastructure investments of CKHH (for example, water, gas and electricity distribution) are subject to regulatory pricing and strict licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Furthermore, certain regulated operations of CKI's investments are subject to price control by government regulatory authorities. The relevant government regulatory authorities will periodically review and reset the price control terms for certain projects in accordance with a predetermined timetable. There can be no assurance that such events or price resets will not have a material adverse effect on CKHH's financial conditions and results of operations.

Furthermore, new market entrants and intensified price competition among existing market players of CKHH's non-regulated businesses could adversely affect the financial performance of CKHH's non-regulated businesses.

Energy

Husky Energy Inc. ("Husky Energy") businesses are subject to inherent operational risks with respect to safety and the environment that require continuous vigilance. Husky Energy seeks to minimise these operational risks by carefully designing and building its facilities and conducting its operations in a safe and reliable manner. However, failure to manage these operational risks effectively could result in potential fatalities, serious injury, interruptions to activities or use of assets, damage to assets, environmental impact, damage awards, fines, penalties, suspensions or loss of licence to operate. Enterprise risk management, emergency preparedness, business continuity and security policies and programmes are in place for all operating areas and are adhered to on an ongoing basis. Husky Energy, in accordance with industry practice, maintains insurance coverage against losses from certain of these risks. Nonetheless, insurance proceeds may not be sufficient to cover all losses and insurance coverage may not be available for all types of operational risks.

Husky Energy's results of operations and financial condition are dependent on the prices received for its refined products, crude oil, natural gas liquids ("NGL") and natural gas production. Lower prices over a prolonged period of time for crude oil, NGL and natural gas could adversely affect the value and quantities of Husky Energy's oil and gas reserves. Husky Energy's reserves include significant quantities of heavier grades of crude oil that trade at a discount to light crude oil. Heavier grades of crude oil are typically more expensive to produce, process, transport and refine into high value refined products. Refining and transportation capacity for heavy crude oil is limited and planned increases of North

American heavy crude oil production may create the need for additional heavy oil refining and transportation capacity. Wider price differentials between heavier and lighter grades of crude oil could have adverse effects on Husky Energy's financial performance and condition, reduce the value and quantities of Husky Energy's heavier crude oil reserves and delay or cancel projects that involve the development of heavier crude oil resources. There is no guarantee that pipeline development projects will provide sufficient transportation capacity and access to refining capacity to accommodate expected increases in North American heavy crude oil production.

Prices for refined products, crude oil, NGL and natural gas are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand can be affected by a number of factors including, but not limited to, actions taken by the Organisation of Petroleum Exporting Countries ("OPEC"), non-OPEC crude oil supply, social conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns, government regulations and policies and the availability of alternate sources of energy. Volatility in refined products, crude oil and natural gas prices could adversely affect CKHH's financial condition and results of operations.

Husky Energy's natural gas production is currently located in Western Canada and Asia Pacific. Western Canada's natural gas production is subject to North American market forces. North American natural gas supply and demand is affected by a number of factors including, but not limited to, the amount of natural gas available to specific market areas either from the well head of existing or accessible conventional or unconventional sources (such as shale), or from storage facilities, technology developments, prevailing weather patterns, the U.S. and Canadian economies, the occurrence of natural disasters and pipeline restrictions.

In certain instances, Husky Energy uses derivative commodity instruments and future contracts on commodity exchanges to manage exposure to price volatility on a portion of its refined products, oil and gas production, inventory or volumes in long distance transit.

Lower than projected reservoir performance on Husky Energy's key growth projects could have a material impact on Husky Energy's, and consequently, CKHH's financial position, medium to long-term business strategy and cashflow. The reserves and resources data reported by Husky Energy represent estimates only. The accurate assessment of oil and gas reserves and resources is critical to the continuous and effective management of Husky Energy's Upstream assets. Reserves and resources estimates support various investment decisions about the development and management of oil and gas properties. In general, estimates of economically recoverable crude oil and natural gas reserves and resources, and the future net cashflow therefrom are based upon a number of variable factors and assumptions, such as product prices, future operating and capital costs, historical production from the properties, and the assumed effects of regulation by governmental agencies, including with respect to royalty payments, all of which may vary considerably from actual results. Inaccurate appraisal of large project reservoirs could result in missed production, revenue and earnings targets and could negatively affect Husky Energy's reputation, investor confidence, and Husky Energy's ability to deliver on its growth strategies.

In order to maintain Husky Energy's future production of crude oil, natural gas and NGL and maintain the value of the reserves portfolio, additional reserves must be added through discoveries, extensions, improved recovery, performance-related revisions and acquisitions. The production rate of oil and gas properties tends to decline as reserves are depleted, while the associated unit operating costs increase. In order to mitigate the effects of this, Husky Energy must undertake successful exploration and development programmes, increase the recovery factor from existing properties through applied technology, and identify and execute strategic acquisitions of proved developed and undeveloped properties and unproved prospects. Maintaining an inventory of developable projects depends on, among other things, obtaining and renewing rights to explore, develop and produce oil and natural gas, drilling success, completing long-lead time capital intensive projects on budget and on schedule and the application of successful exploitation techniques on mature properties.

Husky Energy's results depend upon its ability to deliver products to the most attractive markets. Husky Energy's results could be impacted by restricted market access resulting from a lack of pipeline or other transportation alternatives to attractive markets, as well as by regulatory and/or other

marketplace barriers. The interruptions and restrictions may be caused by the inability of a pipeline to operate, or they can be related to capacity constraints as the supply of feedstock into the system exceeds the infrastructure capacity. With growing conventional oil, shale oil and oil sands production across North America and limited availability of infrastructure to carry Husky Energy's products to the marketplace, oil and natural gas transportation capacity is expected to be restricted in the next few years. Restricted market access may potentially have a material impact on Husky Energy's, and as a result CKHH's financial position, short to long-term business strategy, cashflow, earnings and corporate reputation. Unplanned shutdowns and closures of Husky Energy's refineries and/or upgrader may limit its ability to deliver products with negative implications on sales and results from operating activities.

Husky Energy manages a variety of oil and gas projects ranging from Upstream to Downstream assets. The risks associated with project development and execution, as well as the risks involved in commissioning and integration of new assets with existing facilities, can impact the economic feasibility of Husky Energy's projects. These risks can result in cost overruns, schedule delays and decrease in product markets, as well as, impacting Husky Energy's safety and environmental performance, which could negatively affect Husky Energy's reputation.

Changes in environmental and safety regulations and any emerging regulations to address climate change could have a material adverse effect on Husky Energy's financial condition and results of operations by requiring increased capital expenditures and operating costs or by impacting the quality, formulation or demand of products, which may or may not be offset through market pricing. Changes in environmental and safety legislation could occur, which may result in stricter standards and enforcement, larger fines and liabilities, increased compliance costs and approval delays for critical licences and permits, which could have a material adverse effect on Husky Energy's as well as CKHH's financial condition and results of operations.

The cost or availability of oil and gas field equipment may adversely affect Husky Energy's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including land and offshore drilling rigs, land and offshore geological and geophysical services, engineering and construction services and construction materials. These materials and services may not be available, when required, at reasonable prices.

Extreme climatic conditions may have significant adverse effects on operations. Weather and climate affect demand, and therefore, the predictability of the demand for energy is affected to a large degree by the predictability of weather and climate. In addition, Husky Energy's exploration, production and construction operations, or disruptions to the operations of major customers or suppliers, can be affected by extreme weather. This may result in cessation or diminishment of production, delay of exploration and development activities or delay of plant construction. All of these could potentially result in adverse financial impact on Husky Energy.

Telecommunications

CKHH faces significant competition in each of the markets in which it operates its telecommunications businesses. Competition among providers of mobile and fixed-line telecommunications services, including new entrants, is expected to continue and may adversely affect the prices chargeable for services and handsets. In addition, mobile number portability policies and procedures in markets where CKHH currently operates enable customers to switch their providers of mobile telecommunications services without changing their mobile phone numbers. This has led to increased movement of customers among providers of mobile telecommunications services. Such movements increase marketing, distribution and administrative costs, slow growth in customer numbers and reduce revenues. CKHH's marketing position also depends on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the industry. This includes new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the countries in which it operates. Any failure by CKHH to compete effectively, including in terms of pricing of services, acquisition of customers and retention of existing customers, could decrease the revenue that CKHH receives as a major provider of telecommunications services.

The telecommunications industry is subject to changes in customer needs, evolving industry standards and frequent introductions of new products and services. For example, many Internet products have been developed with the proliferation of Internet usage. The development of Internet products such as over-the-top content and voice-over-IP have resulted in a reduction in the usage of traditional text and long distance voice calls provided by CKHH's telecommunications businesses. The innovative nature of

these products and services, their rapid evolution and shorter life cycles require CKHH to be able to respond quickly to offerings of these products by competitors. CKHH also faces competition from entities providing alternate telecommunications access technologies and may face competition in the future from technologies being developed or to be developed.

CKHH's telecommunications businesses are highly regulated. CKHH is only permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in each country. Some of these licences have historically been issued for fixed terms and subsequently renewed. However, further renewals may not be guaranteed, or the terms and conditions of these licences may be changed upon renewal. Due to changes in legislation, CKHH's mobile telecommunications licences in the UK effectively provide for perpetual renewal rights. However, all of these licences may contain regulatory requirements and carrier obligations regarding the way CKHH must conduct its business, as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to CKHH or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band) could result in CKHH facing unforeseen competition and/or could materially and adversely affect CKHH's financial condition and results of operations.

In addition, CKHH's business activities in certain countries are or may be subject to price control regulation with respect to their wholesale mobile termination rates and wholesale and retail international roaming rates, and such price control regulation may impact costs and revenues and therefore could have a material adverse effect on CKHH's financial condition and results of operations. Furthermore, any new regulatory initiatives or changes in legislation, regulation or government policy affecting CKHH's telecommunications businesses, as well as decisions by regulatory authorities or courts, could have a material adverse effect on CKHH's financial condition and results of operations.

CKHH's ability to provide telecommunications services depend, in part, on its interconnection agreements, as well as international roaming arrangements, with other telecommunications operators. There can be no assurance that CKHH will be able to maintain its interconnection and international roaming agreements on terms that are commercially acceptable to it.

Hutchison Telecommunications International Limited ("HTIL")

On 8 May 2007, HTIL completed the sale of its entire indirect interest in CGP Investments (Holdings) Limited ("CGP"), then a Cayman Islands incorporated subsidiary, to a subsidiary of Vodafone Group Plc ("Vodafone") incorporated in the Netherlands ("Vodafone Netherlands"). CGP held, through various subsidiaries, all of HTIL's indirect interests in the Indian mobile telecommunications operation, comprising Vodafone India Limited (then known as Hutchison Essar Limited) and its subsidiaries. As a result of the sale, the HTIL Group realised a pre-tax gain of approximately HK\$69,343 million (US\$8,890 million).

The Indian tax authorities ("ITA") initiated an investigation into Vodafone Netherlands' obligations to withhold tax from the acquisition proceeds. Vodafone Netherlands disputed the jurisdiction of the ITA in this matter by filing a Writ Petition with the Bombay High Court. On 20 January 2012, the Indian Supreme Court gave its ruling that the ITA did not have the jurisdiction as the sale was not taxable in India.

On 28 May 2012, the Government of India enacted several amendments to the Income Tax Act, 1961, that are retrospective to 1 April 1962 ("Retrospective Provisions"). Following the enactment of the Retrospective Provisions, ITA reminded Vodafone Netherlands that it is required to pay tax in India under a demand raised prior to the Retrospective Provisions.

If, as a consequence of the Retrospective Provisions, Vodafone Netherlands is required to pay tax in India, this could lead to a dispute between Vodafone Netherlands and HTIL ("Vodafone Dispute").

HTIL received an assessment order from the ITA dated 25 January 2017 ("AO") in respect of the same transaction. The AO imposes tax ("CGT") of approximately INR79 billion (US\$1.185 billion) on the afore-mentioned gains as well as interest on the unpaid CGT ("Interest") of approximately INR164.3 billion (US\$2.46 billion). HTIL also received a penalty order from the ITA dated 3 July 2017 ("PO") for a penalty of approximately INR79 billion (US\$1.185 billion) ("Penalty") relating to the CGT (CGT, Interest and Penalty together referred to as the "Taxes"). In this paragraph, the US\$ amounts have been converted from INR amounts at the rate of INR1 to US\$0.015 for illustrative purposes only.

HTIL believes that the Taxes cannot be validly imposed, and it has obtained legal advice that the AO and the PO cannot create any liability for taxes, interest, penalties or otherwise that is legally enforceable.

CKHH has not made a provision in respect of either (i) any Taxes that may arise as a consequence of the Retrospective Provisions or (ii) the Vodafone Dispute. If HTIL is eventually required to make a payment in respect of these items, there may be a material adverse effect on CKHH's financial condition and results of operations.

3 Group Europe

CKHH has made substantial investments in acquiring telecommunications licences and developing its mobile networks in Europe. While 3 Group Europe is reporting positive operating results, CKHH will need to continue increasing the customer levels and operating margins to remain profitable as well as grow profitability. In order to grow and retain its customer base, CKHH has made significant investments in customer acquisition costs ("CACs") in each of the markets in which it operates. CKHH may need to incur more capital expenditure to expand or improve its mobile network and incur more CACs to retain and build the customer base. CKHH may not be successful in growing the customer base and improving operating margins to a level sufficient for covering incremental operating costs, customer acquisition and retention costs and capital expenditure requirements. In particular, the growth in the 3 Group Europe operations is impacted by the effect of changes in regulatory regimes. If these operations are unsuccessful in their initiatives to remedy the effects of these adverse factors, 3 Group Europe's financial results will be materially and adversely affected and there can be no assurance that 3 Group Europe will remain profitable.

In addition, the mobile telecommunications licences in the UK and brand names allocated to the businesses, which are accounted for as indefinite life assets, and goodwill arising from the Reorganisation allocated to the businesses are subject to annual impairment tests to assess whether their carrying values are supported by the net present value of future cashflows forecast to be derived from the use of these assets. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cashflow projections, could materially affect the net present value used in the impairment test and as a result may materially and adversely affect CKHH's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cashflow projections, it may be necessary to take an impairment charge to the income statement. See Note 3(b) to the audited consolidated financial statements of CKHH for the year ended 31 December 2017 incorporated by reference herein. Accordingly, there can be no assurance that the operating results of 3 Group Europe will not be substantially reduced in the near term.

CKHH is also exposed to legal and regulatory requirements, such as those required by the EU or other regulatory bodies. These include competition (anti-trust) laws applicable to CKHH's activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and policies, and laws requiring the approval of mergers, acquisitions and joint ventures which could restrict CKHH's ability to acquire or merge operations in certain jurisdictions and/or subject the relevant operations to fines.

CKHH and/or its group companies may need to increase borrowings or issue shares to pay for the operation and further build-out of their networks as well as for possible future acquisition of mobile telecommunications licences. There can be no assurance that CKHH and/or its group companies will be able to obtain such financing on favourable terms or at all.

CKHH is also addressing other challenges in the markets where 3 Group Europe operates such as developing successful pricing and tariff strategies in response to local competition, strengthening its product distribution channels, responding to technical problems, and other issues relating to network stability, ensuring innovative content and strong customer service support. Competition in 3 Group Europe's markets continues as competitors enhance the quality and speed of their networks. This may result in lower than expected revenue per user and net margins, as well as higher than anticipated CACs and churn rates. There can be no assurance that CKHH will be successful in addressing these issues. In addition, CKHH may have to make substantial investments to acquire licences and upgrade its mobile networks to the next generations of technologies, including 5G, or its product offerings from the chosen 3G and 4G (LTE) technologies may become obsolete or less profitable. There can be no assurance that CKHH will be able to effectively anticipate and respond to such new technologies, or to new consumer trends or changing consumer preferences. As a result of the volatility in economic conditions, customers may be more cautious in their mobile usage which may significantly reduce revenues and profits.

Under HKFRS, deferred tax assets are recognised for the deductible temporary differences and the carry forward of unused tax losses and tax credits to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised losses and tax credits, the asset balance will be reduced and charged to the income statement. A variety of other factors are also evaluated in considering whether there is evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, the percentages and the periods in which estimated tax losses can be utilised. As of 31 December 2017, CKHH had a total deferred tax asset balance of HK\$18,015 million (US\$2,310 million) related to the 3 Group Europe mobile operations. The ultimate realisation of these deferred tax assets depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries that 3 Group Europe operates, taxation losses may be carried forward indefinitely. In addition, in the UK, CKHH benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on CKHH's financial condition and results of operations.

Cashflow, Liquidity and Credit Ratings

From time to time, CKHH accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital markets and CKHH's credit ratings. Although CKHH aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances. If liquidity in the capital markets declines and/or credit ratings of CKHH decline, the availability and cost of borrowings could be affected and impact CKHH's financial condition and results of operations, liquidity and cashflows.

After the completion of the reorganisation of Cheung Kong (Holdings) Limited ("Cheung Kong") and Hutchison Whampoa Limited ("Hutchison") on 3 June 2015, CKHH was assigned long-term credit ratings of A3 from Moody's on 3 June 2015, A- from Standard & Poor's on 6 July 2015 and A- from Fitch on 13 July 2015. During 2017, CKHH's long term credit rating from Fitch remained at A- with a stable outlook. Standard & Poor's maintained our rating at A- but revised the outlook from stable to positive in July 2017. In November 2017, Moody's revised CKHH's rating from A3 to A2 with a stable outlook. However, no assurance can be given that any of CKHH's credit ratings or outlook will remain for any given period of time or that a credit rating will not be lowered by the relevant rating agency. A negative change in one or more of CKHH's credit ratings could, notwithstanding that it is not a rating of the Notes or the Guarantee, adversely impact the market price and the liquidity of the Notes.

Currency Fluctuations

CKHH reports its results in Hong Kong dollars but its subsidiaries, associates and joint ventures around the world receive revenue and incur expenses in over 50 different local currencies. CKHH's subsidiaries, associates and joint ventures may also incur debt in these local currencies. Consequently, CKHH is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries, associates and joint ventures and also on repatriation of earnings, equity investments and loans. Although CKHH actively manages its currency exposures, depreciation or fluctuation of the currencies in which CKHH conducts its operations relative to the Hong Kong dollar could have a material adverse effect on CKHH's financial condition and results of operations.

Strategic Partners

CKHH conducts some of its businesses through non-wholly-owned subsidiaries, associates and joint ventures in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will wish to continue their relationships with CKHH in the future or that CKHH will be able to pursue its stated strategies with respect to its

non-wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, other investors in CKHH's non-wholly-owned subsidiaries, associates and joint ventures may undergo a change of control or financial difficulties, which may negatively impact CKHH's financial condition and results of operations.

Impact of National, EU and International Law and Regulatory Requirements

As a global business, CKHH is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. CKHH operates in many countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the EU or the World Trade Organization ("WTO"). These include:

- changes in tariffs and trade barriers;
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to all of CKHH's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict CKHH's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- changes in the process of obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses;
- telecommunications and broadcasting regulations; and
- environmental and safety laws, rules and regulations.

See "Business of CKHH —Telecommunications — 3 Group Europe — Regulation — European Union Regulation" for a discussion of the EU regulatory framework applicable to CKHH's 3 Group Europe businesses. There can be no assurance that the European institutions and/or the regulatory authorities of the EU member states in which 3 Group Europe operates will not make decisions or interpret and implement the EU or national regulations in a manner that does not materially and adversely affect CKHH's financial condition and results of operations in the future.

CKHH's overall success as a global business depends, in part, upon its ability to succeed in different economic, social, and political conditions. There can be no assurance that CKHH will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business.

Hong Kong and the Mainland

CKHH is a Cayman Islands corporation listed on The Stock Exchange of Hong Kong Limited ("SEHK") with a number of its businesses operating in Hong Kong. As a result, CKHH's financial condition and results of operations may be influenced by the political situation in Hong Kong and by the general state of the Hong Kong economy and the economies in the surrounding region, particularly the Mainland.

As of 1 July 1997, Hong Kong ceased to be a Crown Colony of the UK and became a Special Administrative Region of the PRC. Although the Sino-British Joint Declaration on the Question of Hong Kong and the Basic Law of Hong Kong provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy, there can be no assurance that CKHH's financial condition and results of operations will not be materially and adversely affected as a consequence of the exercise of Chinese sovereignty over Hong Kong or other economic, social and/or political unrest or developments in Hong Kong. In addition, political, social and economic developments in the Mainland and the Mainland's trading relationships with other countries have from time to time materially and adversely affected the Hong Kong economy.

CKHH currently has investments via subsidiaries and joint venture companies in the Mainland. CKHH could decide to invest considerable additional capital resources to enter various markets in the Mainland. The value of CKHH's investments in the Mainland may be adversely affected by significant political, social or legal uncertainties in the Mainland. The PRC Government has been reforming its

economic and political systems since the late 1970s. The continued implementation of reforms may be influenced by internal political, social and economic factors. Changes in economic policy or legal requirements may have adverse effects on the Mainland economy and could materially and adversely affect CKHH's investments in the Mainland.

Future Growth

CKHH continues to cautiously expand the scale and geographic spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities if appropriate opportunities in the market arise. Success of CKHH's mergers and acquisitions will depend, among other things, on the ability of CKHH to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully, or a longer than projected period to realise the expected synergies, will not have a material adverse effect on CKHH's financial condition, results of operations and prospects.

Completion risk of mergers and acquisitions

CKHH may from time to time engage in mergers, acquisitions, joint ventures or other consolidation transactions between its businesses and certain third party companies (including competitors). Such transactions are typically subject to merger and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. There can be no assurance that such approvals or other conditions would be obtained or satisfied and even if such approvals are obtained third parties may initiate proceedings to appeal against such approvals. If a proposed transaction is prohibited or the relevant approvals are revoked and the transaction cannot be completed, CKHH will have incurred significant legal, accounting and other costs in connection with the transaction without realising its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, CKHH's financial position and results of operation could be negatively impacted. Such third party companies may also choose to merge with or be acquired by another of CKHH's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority or if a transaction is approved but such approval is subsequently revoked, it could have a material adverse impact on CKHH's business, financial condition and results of operation.

Accounting

The HKICPA is continuing its policy of issuing HKFRS, amendments and interpretations that fully converge with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). HKICPA has issued and may in the future issue more new and revised standards, amendments and interpretations, including those required to conform to standards, amendments and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on CKHH's financial condition and results of operations.

In the course of auditing CKHH's consolidated financial statements, CKHH's independent auditor has in the past identified issues relating to, and made recommendations to improve, the internal controls of various CKHH operating units. While CKHH has taken steps to address these issues based on the recommendations of its independent auditor, there is no assurance that these steps will be effective or that these or other internal control issues would not be identified by CKHH's independent auditor in the future.

Publicly Available Financial Information of Certain Subsidiaries, Associates and Joint Ventures

Certain of CKHH's subsidiaries, associates and joint ventures may, or are required to, make publicly available their financial results from time to time (on an annual, interim, quarterly basis or otherwise). Due to different accounting policies and measurement bases used in preparing CKHH's financial information and the financial information of certain subsidiaries, associates and joint ventures, consolidation adjustments are required to be made to the financial information of these subsidiaries, associates and joint ventures to align accounting policies and measurement bases when preparing CKHH's consolidated financial statements. Such adjustments may be significant and the actual impact of the financial results of CKHH's subsidiaries, associates and joint ventures on the financial results of

CKHH may not be known until the consolidation of CKHH's financial results is complete. In addition, there can be no assurance that these publicly available financial results of such CKHH's subsidiaries, associates and joint ventures on an individual basis can be relied upon as an indication of the consolidated financial results of CKHH.

Impact of Regulatory Reviews

CKHH and some of its subsidiaries and associates are listed on various stock exchanges around the world and all are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies and/or other regulatory authorities. While all of CKHH's publicly listed companies endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with CKHH's interpretations and judgments and that any required actions mandated by the authorities will not have an adverse impact on CKHH's financial position and results of operations.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in the Mainland, Singapore, Hong Kong, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Since then, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A", the spread of H1N1 virus or "Swine Flu" among humans, the outbreak of H7N9 virus in the Mainland, as well as an epidemic of the Ebola virus disease and the Zika virus. These diseases have led to travel warnings by health organisations for people to certain locations.

There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if the highly contagious diseases spread to the countries in which CKHH operates, or are not satisfactorily contained, CKHH's operations could be interrupted, which could have a material adverse effect on CKHH's financial condition and results of operations.

Natural Disasters

Some of CKHH's assets and projects, and many of CKHH's customers and suppliers are located in areas at risk of damage from earthquakes, floods, typhoons and similar events and the occurrence of any of these events could disrupt CKHH's business materially and adversely affect CKHH's financial condition and results of operations.

Although CKHH has not experienced any significant structural damage to infrastructure projects or ports or other facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to CKHH's infrastructure projects, ports or other facilities, or on the general supporting infrastructure facilities in the vicinity, which could materially and adversely affect CKHH's financial condition and results of operations.

Political Unrest and Terrorist Attacks

CKHH has presence in over 50 countries around the world. There can be no assurance that all of these countries will remain politically stable or immune to terrorist attacks, and if any of these countries suffers from political unrest or terrorist attacks, it may have an adverse impact on CKHH's financial condition and results of operations.

Cyber security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of CKHH's networks, systems and data base of CKHH or its suppliers, vendors and other service providers, could have an adverse effect on CKHH's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to CKHH's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by CKHH may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of CKHH or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on CKHH could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources, lost revenues from business interruption and claims. The potential costs associated with these attacks could exceed the insurance coverage CKHH maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage CKHH's reputation, adversely impact customer and investor confidence, and materially and adversely affect CKHH's financial condition and results of operations.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the CKHH group of companies collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within CKHH's business are expected to intensify. For example, the General Data Protection Regulation (2016/679/EU), which will apply from May 2018 to members of the CKHH group of companies operating in the European Union, will bring a number of changes to current EU data protection legislation such as permitting national supervisory authorities in the European Union to levy administrative penalties of up to 4 per cent. of companies' global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the CKHH group of companies is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on CKHH's financial condition and results of operations.

UK's Exit from the European Union

In June 2016, a majority of voters in the UK elected to withdraw from the EU in a national referendum. The power to notify withdrawal has since been granted by the UK Parliament. The terms of any withdrawal are subject to a negotiation, as set out in Article 50 of the Treaty of Lisbon, which envisages a negotiating period of up to two years. On 29 March 2017, the UK Prime Minister formally notified withdrawal, triggering the two-year negotiating period. The EU and UK have set a target date of October 2018 to reach agreement on the terms of the UK's withdrawal.

The UK has requested a time-limited "implementation period" of "around two years" after the UK leaves the EU. On 29 January 2018, the EU issued supplementary negotiating guidelines, agreeing in principle to such a "transition period" to "31 December 2020", subject to agreeing precise terms with the UK. Negotiations on any transitional arrangements have not concluded.

The referendum and ongoing negotiations have created significant uncertainty about the future relationship between the UK and the EU, including with respect to the laws and regulations that will apply as the UK determines which EU-derived laws to replace or replicate in the event of a withdrawal. The referendum has also resulted in increased debate among the populations of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had a material adverse effect on global economic conditions and the stability of global financial markets. The long-term impact of the UK's decision to leave the EU is not known and there is considerable uncertainty as to the impact of the vote on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the impact of the referendum and, in particular no assurance can be given that such matters would not adversely affect CKHH's financial condition and results of operations.

Controlling Shareholder

Mr. Li Ka-shing, the Chairman of CKHH, and Mr. Li Tzar Kuoi, Victor respectively owned one-third and two-thirds of the issued share capital of certain holding companies which in turn own one-third or more of the issued share capital of the trustees in a certain trust structure. Such trust structure, through

companies 100% owned, held approximately 28.36% of the issued shares of CKHH as of 31 December 2017. In addition, as of 31 December 2017, approximately 1.72% of the issued shares of CKHH was held by companies in which Mr. Li Ka-shing, the Chairman of CKHH, is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Although CKHH believes that its relationship with such trust structure and its associates provides it with significant business advantages, the relationship results in various related party, or “connected”, transactions. Such trust structure is a connected person of CKHH for the purposes of the Rules Governing the Listing of Securities on SEHK (the “Listing Rules”) and accordingly any transactions entered into between CKHH and/or subsidiaries of CKHH and such trust structure, its subsidiaries or associates thereof are connected transactions which, unless one of the exemptions is available or relevant waivers applied for and granted, will be subject to the relevant requirements of Chapter 14A of the Listing Rules. These requirements include the issuance of certain announcements, the inclusion of certain disclosures in annual reports and accounts, and the obtaining of independent shareholders’ approval at general meetings, the obtaining of which cannot be assured.

Holding Company Structure and Structural Subordination

The Issuer is a wholly-owned subsidiary of CKHH and its primary purpose is to act as a financing subsidiary of CKHH. The Guarantee is solely an obligation of the Guarantor. The Guarantor is primarily a holding company and its ability to make payments to holders of the Notes pursuant to the Guarantee in respect of the Notes depends largely upon the receipt of dividends, distributions, interest or advances from its wholly or partially owned subsidiaries and associates. The ability of the subsidiaries and associates of the Guarantor to pay dividends are subject to applicable laws. Payments on the Notes are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor’s subsidiaries (other than the Issuer) and associates. These subsidiaries had an aggregate of HK\$133,377 million (US\$17,100 million) of debt outstanding as of 31 December 2017. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee. The terms and conditions of the Notes do not contain any restrictions on the ability of the Issuer, CKHH or its subsidiaries to incur additional indebtedness. In addition, the terms and conditions of the Notes contain a cross acceleration provision, but that provision is limited to the Issuer, the Guarantor and any Principal Subsidiary (as defined therein) (other than Listed Principal Subsidiaries (as defined therein) and their Subsidiaries) and contains certain carve outs for, among others, project financing indebtedness and subsidiary indebtedness with a certain credit rating which is not guaranteed by the Guarantor or any Principal Subsidiary. For further detail see “Terms and Conditions of the Series A Notes — Events of Default” and “Terms and Conditions of the Series B Notes — Events of Default”.

The Issuer and the Guarantor May Raise Other Capital Which Affects the Price of the Notes

The Issuer and/or the Guarantor may from time to time without prior consultation of the holders of the Notes raise additional capital through the issue of other notes or other means (see “Terms and Conditions of the Series A Notes — Further Issues” and “Terms and Conditions of the Series B Notes — Further Issues”). Under the terms of the Notes, there is no restriction, contractual or otherwise, on the amount of debt securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Notes. The issue of any such debt securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of the Notes on a winding-up of the Issuer and/or the Guarantor, and may also have an adverse impact on the trading price of the Notes and/or the ability of holders of the Notes to sell the Notes. There can be no assurance that such future issuance or capital raising activities will not result in a significant decrease of the market price of the Notes.

No Prior Market for the Notes

The Notes are new issues of securities for which there is currently no trading market. If the Notes are traded after they are issued, they may trade at a discount from their initial offering price, depending on many factors, including prevailing interest rates, the market for similar securities, general economic conditions, and CKHH’s financial condition, performance and prospects. Although application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST, no assurance is made that the application to the SGX-ST will be approved or that such listing will be maintained, or that, if listed, a

liquid trading market will develop or continue. If an active trading market for the Notes does not develop or continue, the market price and liquidity of the Notes may be adversely affected. The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be unduly burdensome.

Denomination

The Notes will be issued in the denomination of €100,000 and integral multiples of €1,000 in excess thereof. Definitive Notes will be issued only on or following the giving of a default notice in respect of the Notes, if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or have announced an intention to permanently cease business or if the Issuer, or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. If definitive Notes are issued, such Notes will be issued only in respect of amounts equal to denominations of €100,000 and integral multiples of €1,000 in excess thereof. Any remaining nominal amount of Notes will be cancelled and holders will have no rights against the Issuer or the Guarantor (including rights to receive principal or interest or to vote) in respect of such Notes. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders of Notes will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

Foreign Account Tax Compliance Act Reporting and Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the U.S. Treasury regulations promulgated thereunder (“FATCA”) generally impose information reporting requirements on certain non-U.S. financial institutions (“foreign financial institutions”) in respect of their direct and indirect U.S. investors and U.S. accountholders in order for a foreign financial institution to avoid becoming subject to withholding on certain U.S.-source payments it receives. If the Guarantor is treated as a foreign financial institution for these purposes, or if one or more of the Guarantor’s subsidiaries (including the Issuer) were to be so treated, it or they may face increased compliance costs in order to comply with these requirements.

Furthermore, FATCA may impose a 30% U.S. federal withholding tax on certain payments made by foreign financial institutions, including on debt obligations, on or after 1 January 2019 at the earliest to the extent such payments are treated as attributable to certain U.S.-source payments and the recipient of such a payment has failed to comply with the relevant information reporting requirements. Obligations issued on or prior to the date that is six months after the date on which any applicable final U.S. Treasury regulations are filed implementing rules for calculation of the tax generally would be grandfathered from this withholding obligation unless materially modified after such date. Accordingly, if the Guarantor or one or more of the Guarantor’s subsidiaries (including the Issuer) were treated as a foreign financial institution, FATCA generally would only apply to payments on the Notes if there were a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period.

The withholding tax imposed by FATCA, when and if it applies, may affect payments made to custodians or intermediaries in the series of payments leading to a holder if any such custodian or intermediary has not complied with information reporting, certification and related requirements. Accordingly, a holder of Notes that holds Notes through a bank or broker could be subject to withholding if, for example, its bank or broker is subject to withholding because the bank or broker fails to comply with these requirements even though the holder itself might not otherwise have been subject to withholding.

Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. Many non-U.S. governments, including those of the Cayman Islands and Hong Kong, have entered into or are expected to enter into agreements with the United States to implement FATCA in a manner that alters the rules described herein. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, no additional amounts will be payable by the Issuer or the Guarantor with respect to any withheld amount. See “Terms and Conditions of the Series A Notes — Taxation” and “Terms and Conditions of the Series B Notes — Taxation”.

TERMS AND CONDITIONS OF THE SERIES A NOTES

The following is the text of the Terms and Conditions of the Series A Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series A Note in definitive form:

The €750,000,000 1.25 per cent. Guaranteed Notes due 2025 (in these Conditions, the “**Series A Notes**” or “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Europe Finance (18) Limited (the “**Issuer**”) are issued subject to an agency agreement dated on or about 13 April 2018 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 10 April 2018 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 10 April 2018. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement.

1. Form, Denomination and Title

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. Status of the Notes

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3. Guarantee

The payment of the principal of and interest on the Notes and any Additional Amounts has been unconditionally and irrevocably guaranteed by the Guarantor. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

4. Covenants

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 13 April 2018 (the “**Issue Date**”) would not exceed 50 per cent. of the Guarantor’s Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the audited consolidated accounts of the Guarantor as at 31 December 2017 and for the financial year ended 31 December 2017 that affects the calculation of the Guarantor’s Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor’s Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;
- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords’ liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided *however*, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;

- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
 - (j) Liens in favour of the Guarantor or any Principal Subsidiary;
 - (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
 - (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
 - (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
 - (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;
 - (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result

of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by such Lien, and (v) the Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be listed and quoted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than Hong Kong Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than Hong Kong Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the then latest audited consolidated statement of financial position of the Guarantor and its Subsidiaries; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such latest audited consolidated statement of financial position) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such latest audited consolidated statement of financial position, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such latest audited consolidated statement of financial position;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables; *provided however*, that for the purposes of determining the amount of Indebtedness for Borrowed Money outstanding at any relevant time, the amount included as Indebtedness for Borrowed Money in respect of leases (to the extent they qualify as “Indebtedness for Borrowed Money” pursuant to the foregoing) shall be the net amount from time to time characterised as “obligations under finance leases” in accordance with Hong Kong Accounting Standard 17 Leases as revised and published by the Hong Kong Institute of Certified Public Accountants in January 2017 (and, in this regard, an opinion from the auditors of the Guarantor opining on such amount shall be conclusive and binding on all Noteholders and Couponholders);

“Lien” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the then latest audited consolidated statement of financial position, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

- (1) as to which one or more of the following conditions is satisfied:
 - (i) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
 - (ii) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the then latest consolidated audited accounts of the Guarantor and its Subsidiaries, provided that:

- (x) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited accounts of the Guarantor and its Subsidiaries relate, the reference to the then latest audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited accounts of the Guarantor and its Subsidiaries for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;

- (y) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or
- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

"Subsidiary" means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements.

5. Interest

- (1) The Notes bear interest from and including 13 April 2018 (the **"Interest Commencement Date"**) to but excluding 13 April 2025 at the rate of 1.25 per cent. per annum, payable annually in arrear on 13 April of each year (each an **"Interest Payment Date"**). The first Interest Payment Date will be 13 April 2019, in respect of the period from and including the Interest Commencement Date to but excluding 13 April 2019.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
 - (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is required to be calculated for a period of less than a full year, it shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366. Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6. Payments

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“Presentation Date” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **“TARGET2 System”**) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment, London, Hong Kong and New York City.

- (6) The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent in Singapore. Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. Redemption and Purchase

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 13 April 2025.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands (or of any political subdivision or taxing authority thereof or therein) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 April 2018, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change or amendment.

- (3) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (4) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (5) Upon the expiry of any notice as is referred to in Condition 7(2) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. Taxation

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands (or any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Cayman Islands or any political subdivision or any authority thereof or therein, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the "**Relevant Date**" in relation to any Note or Coupon means (i) the due date for payment thereof and (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).

- (3) The Issuer, the Guarantor or any agents making a payment on their behalf shall be permitted to withhold or deduct from any payment of principal or interest any amounts (i) required by the rules of U.S. Internal Revenue Code of 1986 (the “**Code**”) Sections 1471 through 1474 (or any amended or successor provisions), any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an inter-governmental approach thereto, (ii) pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or (iii) pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”), as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the Guarantor not being entitled to receive such payment free of FATCA withholding. The Issuer, the Guarantor and their respective agents will have no liability for or have any obligation to pay additional amounts in respect of any such FATCA withholding deducted or withheld by the Issuer, the Guarantor, any of their respective agents or any other party.

9. Prescription

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10. Events of Default

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; *provided however*, that:
 - (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
 - (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries);

- (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries);
- ("Non-Recourse Debt"); or
- (z) incurred by any Subsidiary or the Guarantor before 3 June 2015 unless the relevant Indebtedness for Borrowed Money remains outstanding after 15 Business Days after the event referred to in subparagraphs (i), (ii) or (iii) of this paragraph (d);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

"Business Day" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London, Hong Kong and:

- (1) (in relation to any date for payment or purchase of a currency other than Euro) the principal financial centre of the country of that currency; or
- (2) (in relation to any date for payment or purchase of Euro) any day on which the TARGET 2 System is open for settlement of payments in Euro;

"Fitch" means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

"Moody's" means Moody's Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

"S&P" means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiaries (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or
- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an

Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or

- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the specified office of the Paying Agent in Singapore), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide and so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in one daily newspaper published in Asia. It is expected that publication will normally be made in the *Financial Times* and the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

13. Meetings of Noteholders and Modification

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution.

- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15. Currency Indemnity

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days (as defined in Condition 10) to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

16. Governing Law and Submission to Jurisdiction

The Agency Agreement, the Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be

enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SERIES B NOTES

The following is the text of the Terms and Conditions of the Series B Notes which (subject to completion and modification and excluding italicised text) will be endorsed on each Series B Note in definitive form:

The €500,000,000 2.00 per cent. Guaranteed Notes due 2030 (in these Conditions, the “**Series B Notes**” or “**Notes**” which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 14 and forming a single series with the Notes) of CK Hutchison Europe Finance (18) Limited (the “**Issuer**”) are issued subject to an agency agreement dated on or about 13 April 2018 (the “**Agency Agreement**”) made between the Issuer, CK Hutchison Holdings Limited (the “**Guarantor**”) as guarantor and The Bank of New York Mellon, London Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**” and, together with any other paying agents appointed from time to time pursuant to the Agency Agreement, the “**Paying Agents**”). The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 10 April 2018 and the giving of the guarantee in respect of the Notes (the “**Guarantee**”) was authorised by a resolution of the board of directors of the Guarantor passed on 10 April 2018. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and Paying Agent shall include any successor appointed under the Agency Agreement.

1. Form, Denomination and Title

- (1) The Notes are in bearer form, serially numbered, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. Status of the Notes

The Notes and the Coupons are direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3. Guarantee

The payment of the principal of and interest on the Notes and any Additional Amounts has been unconditionally and irrevocably guaranteed by the Guarantor. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated, general and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank, and will at all times rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

4. Covenants

- (1) The Issuer will not create, incur, assume or permit to exist any Lien (as defined below) upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money (as defined below) of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Notes and the Coupons will be secured at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided herein and in the Agency Agreement.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (as defined below) (other than Listed Principal Subsidiaries (as defined below)) to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and rateably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the Noteholders as provided in the Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries (as defined below)) entered into after 13 April 2018 (the “**Issue Date**”) would not exceed 50 per cent. of the Guarantor’s Adjusted Consolidated Net Worth (as defined below).

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the audited consolidated accounts of the Guarantor as at 31 December 2017 and for the financial year ended 31 December 2017 that affects the calculation of the Guarantor’s Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred provided that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor’s Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all Noteholders and Couponholders.

The foregoing restriction will not apply to:

- (a) Liens existing on or prior to the Issue Date;
- (b) Liens for taxes or assessments or other applicable governmental charges or levies;
- (c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords’ liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;
- (d) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;
- (e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;
- (f) Liens created on any property or assets acquired, leased or developed after the Issue Date; provided *however*, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;
- (g) rights of set-off of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;
- (h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;
- (i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (j) Liens in favour of the Guarantor or any Principal Subsidiary;

- (k) leases, subleases, licences and sublicences granted to third parties in the ordinary course of business;
 - (l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;
 - (m) any Lien against any property or assets of a Person (as defined below) existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
 - (n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;
 - (o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;
 - (p) Liens created in connection with any sale/leaseback transaction;
 - (q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and
 - (r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).
- (2) The Guarantor may not, without the consent of the holders of any outstanding (as defined in the Agency Agreement) Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organisation and such Person assumes the Guarantor's obligations under the Agency Agreement and the Guarantee, (ii) immediately after giving effect to the transaction no Event of Default (as defined in Condition 10), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organised and validly existing under the laws of the Cayman Islands shall expressly agree in a deed of covenant made in favour of the Noteholders that all payments pursuant to the Guarantee in respect of principal of and interest on the Notes shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are (a) required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts of, or in respect of, principal and interest ("**Successor Additional Amounts**") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such Successor Additional Amounts) in the payment to the Noteholders of the amounts which would have been receivable in respect of the Notes, the Coupons or the Guarantee had no such withholding been required, subject to the same exceptions and qualifications (other than the right to redeem the Notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) as a result of FATCA withholding (as defined in Condition 8), (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under Condition 4(1) above, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Notes and the Guarantee equally and rateably with (or prior to) the indebtedness secured by

such Lien, and (v) the Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (3) The Issuer has made an application for the Notes to be listed and quoted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Issue Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than Hong Kong Financial Reporting Standards in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than Hong Kong Financial Reporting Standards. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

- (4) For the purposes of these Conditions:

“**Adjusted Consolidated Net Worth**” means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities; all as shown by the then latest audited consolidated statement of financial position of the Guarantor and its Subsidiaries; *provided however*, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such latest audited consolidated statement of financial position) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such latest audited consolidated statement of financial position, and/or (ii) adding thereto any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such latest audited consolidated statement of financial position;

“**Indebtedness for Borrowed Money**” means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables; *provided however*, that for the purposes of determining the amount of Indebtedness for Borrowed Money outstanding at any relevant time, the amount included as Indebtedness for Borrowed Money in respect of leases (to the extent they qualify as “Indebtedness for Borrowed Money” pursuant to the foregoing) shall be the net amount from time to time characterised as “obligations under finance leases” in accordance with Hong Kong Accounting Standard 17 Leases as revised and published by the Hong Kong Institute of Certified Public Accountants in January 2017 (and, in this regard, an opinion from the auditors of the Guarantor opining on such amount shall be conclusive and binding on all Noteholders and Couponholders);

“**Lien**” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind provided that the term “Lien” shall not include an unsecured guarantee or Liens arising by operation of law;

“Listed Principal Subsidiary” means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange;

“Market Value” means:

- (a) the best price at which the relevant asset (other than shares described falling within sub-paragraph (b) below) is expected to be sold on the relevant date assuming:
 - (i) a willing seller;
 - (ii) a reasonable period in which to negotiate the sale;
 - (iii) values will remain constant during the negotiation period;
 - (iv) the asset will be freely exposed to the market; and
 - (v) there is no special purchaser; and
- (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies,

in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the then latest audited consolidated statement of financial position, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes;

“Person” means any person or entity;

“Principal Subsidiary” means, at any time, a Subsidiary of the Guarantor:

- (1) as to which one or more of the following conditions is satisfied:
 - (i) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or
 - (ii) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10 per cent. or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries,

all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the then latest consolidated audited accounts of the Guarantor and its Subsidiaries, provided that:

- (x) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited accounts of the Guarantor and its Subsidiaries relate, the reference to the then latest audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited accounts of the Guarantor and its Subsidiaries for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts;

- (y) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or
- (2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Principal Subsidiary and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (1) above.

An opinion from the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all Noteholders and Couponholders in the absence of manifest error; and

"Subsidiary" means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements.

5. Interest

- (1) The Notes bear interest from and including 13 April 2018 (the **"Interest Commencement Date"**) to but excluding 13 April 2030 at the rate of 2.00 per cent. per annum, payable annually in arrear on 13 April of each year (each an **"Interest Payment Date"**). The first Interest Payment Date will be 13 April 2019, in respect of the period from and including the Interest Commencement Date to but excluding 13 April 2019.
- (2) Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue up to but excluding whichever is the earlier of:
 - (a) the date on which all amounts due in respect of such Notes have been paid; and
 - (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.
- (3) If interest is required to be calculated for a period of less than a full year, it shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366. Interest payable under this Condition 5 will be paid in accordance with Condition 6.

6. Payments

- (1) Payments of principal and interest in respect of each Note will be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.
- (2) Payments will be made by credit or transfer to an account denominated in Euro maintained by the payee with or, at the option of the payee, by a cheque in Euro drawn on, a bank in a city in which banks have access to the TARGET2 System (as defined below).
- (3) Each Note should be presented for payment together with all unmatured Coupons relating to it. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

- (4) Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.
- (5) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

In this Condition:

“Presentation Date” means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day; and
- (c) in the case of payment by credit or transfer to an account denominated in Euro in a bank in a city in which banks have access to the TARGET2 System, is a day on which commercial banks and foreign markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city.

If payment to a holder is to be made by transfer to a Euro account maintained by the payee, and it is not practicable to transfer the relevant amount to such account for value on the relevant date of presentation as a result of differences in the time zones between Central European time and the location of such account, none of the Paying Agents shall be obliged so to do, but shall be obliged to transfer the relevant amount to such account for value on the first practicable day after such relevant date of presentation.

“Business Day” means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the **“TARGET2 System”**) is operating and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which a Note or Coupon is presented for payment, London, Hong Kong and New York City.

- (6) The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent in Singapore. Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. Redemption and Purchase

- (1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 13 April 2030.
- (2) If (a) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands (or of any political subdivision or taxing authority thereof or therein) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after 10 April 2018, on the next Interest Payment Date either the Issuer would be required to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(2), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of the change or amendment.

- (3) The Issuer, the Guarantor or any of their respective Subsidiaries (as defined above), if any, may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.
- (4) All Notes and/or Coupons which are redeemed will, and any Notes and/or Coupons purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, if any, may (but need not) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, if any, and not cancelled may be resold.
- (5) Upon the expiry of any notice as is referred to in Condition 7(2) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. Taxation

- (1) Subject to Condition 8(3), all payments of principal and interest in respect of the Notes, Coupons or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands (or any political subdivision or taxing authority thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders or Couponholders of such amounts as would have been received in respect of the Notes, the Coupons or the Guarantee had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:
 - (a) in respect of any tax, duty, assessment or other governmental charge that would not have been imposed but for any connection between the holder or beneficial owner of a Note or Coupon and the Cayman Islands or any political subdivision or any authority thereof or therein, as the case may be, otherwise than merely holding such Note or Coupon or receiving principal or interest in respect thereof;
 - (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30 day period; or
 - (c) to a Noteholder, Couponholder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the Notes or the Coupons to another Paying Agent.

For the purposes of these Conditions, the "**Relevant Date**" in relation to any Note or Coupon means (i) the due date for payment thereof and (ii) if the full amount payable on such due date has not been received by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the Noteholders in accordance with Condition 12.

- (2) Unless the context otherwise requires, any reference in the Notes and these Conditions to principal or interest shall be deemed also to refer to any Additional Amounts which may be payable as described in Condition 8(1).

- (3) The Issuer, the Guarantor or any agents making a payment on their behalf shall be permitted to withhold or deduct from any payment of principal or interest any amounts (i) required by the rules of U.S. Internal Revenue Code of 1986 (the “**Code**”) Sections 1471 through 1474 (or any amended or successor provisions), any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an inter-governmental approach thereto, (ii) pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or (iii) pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”), as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or the Guarantor not being entitled to receive such payment free of FATCA withholding. The Issuer, the Guarantor and their respective agents will have no liability for or have any obligation to pay additional amounts in respect of any such FATCA withholding deducted or withheld by the Issuer, the Guarantor, any of their respective agents or any other party.

9. Prescription

Claims in respect of principal and interest will become void unless the relevant Notes and Coupons are presented for payment within ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date, subject to the provisions of Condition 6.

10. Events of Default

The occurrence of each of the following events will constitute an event of default (each an “**Event of Default**”) with respect to the Notes:

- (a) failure to pay principal of any Note within five days after the due date for such payment; or
- (b) failure to pay interest on any Note within 30 days after the due date for such payment; or
- (c) failure to perform any other covenant of the Issuer or the Guarantor in the Agency Agreement, the Guarantee or the Notes (excluding Condition 4(3)) which has continued for 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the Agency Agreement, the Guarantee or the Notes, as the case may be; or
- (d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; *provided however*, that:
 - (1) no such event set forth in (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK\$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and
 - (2) Indebtedness for Borrowed Money which is:
 - (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries);

- (y) incurred or guaranteed by a Subsidiary of the Guarantor:
 - (A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Bal or higher by Moody's; and
 - (B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries);
- ("Non-Recourse Debt"); or
- (z) incurred by any Subsidiary or the Guarantor before 3 June 2015 unless the relevant Indebtedness for Borrowed Money remains outstanding after 15 Business Days after the event referred to in subparagraphs (i), (ii) or (iii) of this paragraph (d);

shall be deemed not to be Indebtedness for Borrowed Money for the purposes of this paragraph (d); or

For the purpose of this Condition:

"Business Day" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London, Hong Kong and:

- (1) (in relation to any date for payment or purchase of a currency other than Euro) the principal financial centre of the country of that currency; or
- (2) (in relation to any date for payment or purchase of Euro) any day on which the TARGET 2 System is open for settlement of payments in Euro;

"Fitch" means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

"Moody's" means Moody's Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses; and

"S&P" means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses.

- (e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiaries (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or
- (f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in principal amount of the Notes may permit); or
- (g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or
- (h) any *bona fide* step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) on terms approved by an

Extraordinary Resolution of the Noteholders, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or

- (i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in sub-paragraphs (e) to (i) above) with respect to the Notes shall occur and be continuing, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding by notice as provided in the Agency Agreement may declare the principal amount of such Notes and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in sub-paragraphs (e) to (i) above with respect to the Notes shall occur, the principal amount of all the Notes and any accrued and unpaid interest thereon will automatically, and without any action by any Noteholder, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all the then existing Events of Default have been cured or waived as provided in the Agency Agreement.

11. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent in London (and for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the specified office of the Paying Agent in Singapore), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Issuer may decide and so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in one daily newspaper published in Asia. It is expected that publication will normally be made in the *Financial Times* and the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

13. Meetings of Noteholders and Modification

- (1) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Agency Agreement or the Deed of Guarantee. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting. The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Notes outstanding shall be valid and effective as an Extraordinary Resolution.

- (2) The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement or the Guarantee which is not, in the opinion of the Fiscal Agent, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.
- (3) Any modification made in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15. Currency Indemnity

The Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee, as the case may be, to make all payments in Euro will not be satisfied by any payment, recovery or any other realisation of proceeds in any currency other than Euro. If, for the purpose of obtaining a judgment in any court with respect to any obligation of the Issuer under any Notes or the Guarantor's obligations under the Guarantee, as the case may be, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due under any Notes then such conversion shall be made by the Fiscal Agent at the market exchange rate (as determined by the Fiscal Agent) as in effect on the date of entry of the judgment (the "**Judgment Date**"); it being understood that the Fiscal Agent shall effect such conversion only after receipt of the relevant funds from the Issuer or, as the case may be, the Guarantor and that such conversion may require up to three Business Days (as defined in Condition 10) to effect after the receipt of such funds. If pursuant to any such judgment, conversion shall be made on a date (the "**Substitute Date**") other than the Judgment Date and there shall occur a change between the market exchange rate for Euro as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Issuer agrees to pay such additional amounts (if any) in Euro as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. Any amount due from the Issuer under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Issuer be required to pay more in Euro due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of Euro stated to be due under the Notes so that in any event the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee will be effectively maintained as obligations in Euro and the Issuer shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realised upon any such conversion on the Substitute Date over the amount due and payable on the Judgment Date.

16. Governing Law and Submission to Jurisdiction

The Agency Agreement, the Guarantee, the Notes and the Coupons, and any non-contractual obligations arising out of or in relation to any of them, are governed by, and will be construed in accordance with, English law.

The Issuer and the Guarantor irrevocably agree for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Guarantee, the Notes or the Coupons (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England.

The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise any objection which they may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and have further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be

enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer hereby irrevocably and unconditionally appoints Hutchison Whampoa Agents (UK) Limited at its registered office in England (presently Hutchison House, 5 Hester Road, Battersea, London SW11 4AN, United Kingdom) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of certain provisions to be contained in the Temporary Global Notes and/or the Permanent Global Notes (together the “Global Notes”) which will apply to, and in some cases modify, the Conditions of the Series A Notes and the Conditions of the Series B Notes while the Notes are represented by the Global Notes.

1. Exchange

Each Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) on or following the giving of a default notice pursuant to Condition 10 of such Permanent Global Note; or
- (b) if the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) if the Issuer, or the Guarantor, as the case may be, has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

In the case of (a), (b) or (c) above, the Issuer shall promptly give notice to the Noteholders by publication in a leading English language daily newspaper of general circulation in Europe as the Issuer may decide and for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in one daily newspaper in Asia (which newspapers are expected to be the *Financial Times* and the *Asian Wall Street Journal* respectively) in accordance with Condition 12 of the relevant Series of Notes. In the case of (a) or (b) above, the holder of the relevant Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined in paragraph 4 below), may give notice to the Issuer and the Fiscal Agent and, in the case of (c) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the relevant Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the relevant Permanent Global Note may (or, in the case of (c) above, the holder of the relevant Permanent Global Note shall on the Exchange Date) surrender the relevant Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the relevant Permanent Global Note, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the relevant Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the relevant Permanent Global Note, the Issuer will procure that it is cancelled.

“Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 23 May 2018, no payment will be made on each Temporary Global Note unless exchange for an interest in the relevant Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be prima facie evidence that such payment has been made in respect of the Notes. Payments of interest on each Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes of a Series are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders of that Series may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 of the relevant Series of Notes, provided that, so long as the Notes of that Series are listed on the SGX-ST, notice will also be given by publication in a daily newspaper published in Asia if and to the extent that the rules of the SGX-ST so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as any of the Notes of a Series are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes of that Series (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes of that Series for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 10 of the relevant Series of Notes) other than with respect to the payment of principal and interest on such Notes of that Series, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

The Issuer covenants in favour of each Accountholder that it will make all payments in respect of the principal amount of Notes of each Series for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as being held by the Accountholder and represented by one or both of the Global Notes to the bearer of such Global Note and acknowledges that each Accountholder may take proceedings to enforce this covenant and any of the other rights which it has pursuant to the Issuer's promise to pay as contained in each Global Note.

If the principal in respect of the Notes of a Series is not paid when due and payable the holder of the relevant Global Note may elect that Direct Rights (as defined in the schedule to the relevant Global Note) shall come into effect. If Direct Rights come into effect each Accountholder in respect of which such Direct Rights have come into effect shall acquire all the rights which such Accountholder would have had if, immediately before such Direct Rights came into effect, it had been the holder of the definitive Notes issued on the issue date of the relevant Global Note in a principal amount equal to the principal amount of the relevant Accountholder as shown in the records of Euroclear and/or Clearstream, Luxembourg, including the right to receive payments due in respect of such definitive Notes, other than payments already made under the relevant Global Note.

5. Prescription

Claims against the Issuer and the Guarantor in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 of the relevant Series of Notes).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the relevant Series of Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

USE OF PROCEEDS

The net proceeds of the sale of the Notes after deducting commissions will be approximately €1,239,000,000 and will initially be advanced by the Issuer to CKHH. CKHH intends to use the net proceeds of the offering to refinance certain indebtedness, including recourse or non-recourse indebtedness owed by CKHH, indebtedness falling due in the near term and indebtedness which would provide an economic benefit to CKHH upon early repayment. Such indebtedness has been incurred for general corporate purposes, including the funding of capital expenditures and investments in CKHH's core business activities. In the event that CKHH determines not to use certain of the proceeds for this purpose, such proceeds will be used for general corporate purposes, including the funding of capital expenditures.

THE ISSUER

CK Hutchison Europe Finance (18) Limited, a wholly-owned subsidiary of the Guarantor, was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 22 February 2018. Its registered office is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, registration number MC-333468.

The Issuer, whose primary purpose is to act as a financing subsidiary of the Guarantor, will remain a wholly-owned subsidiary of the Guarantor as long as the Notes issued by it are outstanding. The Issuer has no material assets.

The directors of the Issuer are as follows:

Name	Position
Frank John SIXT	Director
Edith SHIH	Director
Neil Douglas MCGEE	Director
Christian Nicolas Roger SALBAING	Director
Thomas Georg GEIGER	Director

The registered office business address of the abovementioned directors for the purposes of their directorships of the Issuer is CK Hutchison Europe Finance (18) Limited, PO Box 309, Ugland House, Grand Cayman, KY1- 1104, Cayman Islands.

Further information on the particulars and experience of the directors of CKHH is set forth below in “Management of CKHH”.

The objects for which the Issuer are established are set forth in clause 3 of the Issuer’s Memorandum of Association (copies of which are available as described under “General Information”). The Issuer has full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

The authorised share capital of the Issuer is US\$50,000, divided into 50,000 shares of US\$1.00 par value each, of which one ordinary share is issued and outstanding and has been fully paid.

No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As of the date of this Offering Circular, the Issuer does not have any debt outstanding.

The Issuer has no subsidiaries. The Issuer has not audited or published, and does not propose to audit or publish, any of its accounts since it is not required to do so under the laws of the Cayman Islands. The Issuer’s non-audited financial statements are not published and are prepared only for internal purposes. The Issuer is, however, required to keep such accounts and records as are necessary to give a true and fair view of the Issuer’s affairs and to explain its transactions. If the Issuer publishes any of its accounts, such published accounts of the Issuer will, in the event that and for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require (or for so long as the Notes are listed on another stock exchange and its rules so require), be made available free of charge at the offices of the Fiscal Agent.

CAPITALISATION OF CKHH

The following table sets forth the consolidated capitalisation of CKHH as of 31 December 2017 as adjusted to give effect to the offering of the Notes. The table has been prepared on a basis consistent with the principal accounting policies of CKHH as set out in CKHH's audited consolidated financial statements for the year ended 31 December 2017 that are incorporated by reference in this Offering Circular and should be read in conjunction with such audited consolidated financial statements.

	As of 31 December 2017		
	Audited Actual	As adjusted	As adjusted ⁽¹⁾
	(in million)	(in million)	(in million)
Short-term bank and other debts ⁽²⁾ (including current portion of long-term debt)	HK\$21,708	HK\$21,708	US\$2,783
Long-term bank and other debts ⁽²⁾ (net of current portion)	HK\$311,447	HK\$311,447	US\$39,929
Interest bearing loans from non-controlling shareholders	HK\$3,143	HK\$3,143	US\$403
Notes offered hereby ⁽¹⁾	—	HK\$12,020	US\$1,541
Total ordinary shareholders' funds and perpetual capital securities ⁽³⁾	HK\$459,537	HK\$459,537	US\$58,915
Non-controlling interests	HK\$132,010	HK\$132,010	US\$16,924
Total capitalisation	HK\$906,137	HK\$918,157	US\$117,712
Total short-term bank and other debts ⁽²⁾ and capitalisation	HK\$927,845	HK\$939,865	US\$120,495

⁽¹⁾ €1,250 million is translated based on an exchange rate of €1 = HK\$9.6158 and €1 = US\$1.2328.

⁽²⁾ Short-term bank and other debts and Long-term bank and other debts represent the respective current and non-current portion of bank and other debts. Bank and other debts comprise the principal amount and the unamortised fair value adjustments arising from acquisitions in respect of the bank and other debts, and are stated before the unamortised loan facilities fees and premiums or discounts related to debts and adjustments to bank and other debts pursuant to unrealised gains (losses) on interest rate swap contracts.

⁽³⁾ Total ordinary shareholders' funds and perpetual capital securities comprise share capital, share premium, perpetual capital securities and reserves as at 31 December 2017. The number stated above is before deducting the 2017 proposed final dividend of HK\$7,985 million.

As of 31 December 2017, the share capital comprised 3,857,678,500 issued and fully paid ordinary shares.

Except for the adjustments included in the table above and the developments described below, there has been no material change in the total capitalisation of CKHH since 31 December 2017.

- In January 2018, CKHH prepaid a floating rate term and revolving loan facility of HK\$2,900 million maturing in November 2019;
- In January 2018, CKHH prepaid a floating rate term and revolving loan facility of HK\$1,000 million maturing in October 2019;
- In January 2018, CKHH's listed subsidiary CKI prepaid two floating rate loan facilities of US\$200 million each (approximately HK\$ 3,120 million) maturing in October 2018;
- In January 2018, the US\$500 million (approximately HK\$3,900 million) Guaranteed Senior Perpetual Securities issued by Cheung Kong Bond Securities (03) Limited were redeemed in full; and
- In March 2018, notice was given for the redemption in full on 10 May 2018 of the €1,750 million (approximately HK\$16,975 million) Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa Europe Finance (13) Limited.

BUSINESS OF CKHH

Overview

CKHH, an exempted company incorporated in Cayman Islands on 11 December 2014 with limited liability under no. MC-294571 and registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), is the holding company of the CKHH group of companies. CKHH was incorporated as part of the reorganisation and combination of Cheung Kong, Hutchison and their respective subsidiaries, associated companies and joint ventures to create CKHH, which holds the non-property related businesses of both groups, and CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited), which holds the property and hotels businesses (the “Property Businesses”) of both groups (the “Reorganisation”). The Reorganisation was completed on 3 June 2015. Further details of the Reorganisation can be found in the section “The Reorganisation” below.

CKHH is a Hong Kong-based multinational conglomerate whose shares are listed on the SEHK. CKHH operates five core business divisions in over 50 countries: ports and related services; retail; infrastructure; energy and telecommunications as well as finance & investments and other operations. Significant developments in CKHH’s business since 31 December 2017 are summarised below under “Recent Developments”.

Based on the closing price of its shares on the SEHK on 31 December 2017, CKHH had a market capitalisation of approximately HK\$378,438 million (approximately US\$48,518 million). CKHH, its listed subsidiary, CKI and its listed associated company, Power Assets Holdings Limited (“Power Assets”), are three of the 50 constituent stocks of the Hang Seng Index in Hong Kong.

CKHH’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. CKHH’s principal place of business is 12 Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong.

The Reorganisation

On 9 January 2015, the boards of Cheung Kong and Hutchison put forward to their respective shareholders the proposals whereby:

- (i) CKHH would become the holding company of the Cheung Kong group of companies by way of a scheme of arrangement (“Cheung Kong Reorganisation Proposal”);
- (ii) an indirect wholly-owned subsidiary of Hutchison would purchase from the Li Ka-Shing Trust approximately 6.24% shareholding interest in Husky Energy, an associate of Hutchison listed on the Toronto Stock Exchange (the “Husky Share Exchange”);
- (iii) CKHH would become the holding company of the Hutchison group of companies by way of a scheme of arrangement (the “Hutchison Proposal”); and
- (iv) immediately following completion of the Hutchison Proposal, the Property Businesses of both groups would be transferred into CK Asset Holdings Limited and then distributed out of the CKHH Group by way of a distribution in specie (the “Spin-off Proposal”).

The Reorganisation was completed on 3 June 2015 and resulted in the non-Property Businesses and the Property Businesses of the Cheung Kong group of companies and the Hutchison group of companies being combined, and the combined non-Property Businesses and combined Property Businesses then being separated and held by two companies listed on the SEHK, namely CKHH and CK Asset Holdings Limited. The listing status of Hutchison on the SEHK was withdrawn on 3 June 2015.

Cheung Kong

Cheung Kong was incorporated in June 1971 and became a public listed company on the SEHK in November 1972. In 1979, Cheung Kong acquired a strategic stake of approximately 22.4% of the issued share capital of Hutchison. Immediately prior to the completion of the Reorganisation, Cheung Kong’s shareholding in Hutchison was approximately 49.97%. Prior to the Reorganisation, Cheung Kong engaged principally in property development and investment in Hong Kong and in different regions of the world, including Mainland China, the UK and Singapore and developed high quality and large-scale properties for sale and investment in the residential, retail, office, hotel and industrial sectors.

Hutchison

Hutchison was initially established as the result of the merger between Hutchison International Limited and Hongkong and Whampoa Dock Company Limited. Hongkong and Whampoa Dock Company Limited, incorporated in 1866, was the first company to be registered in Hong Kong. Hutchison became a public listed company on the SEHK in 1978. Cheung Kong became a major shareholder of Hutchison in 1979 and Mr. Li Ka-shing, the Chairman of Cheung Kong, became the Chairman of Hutchison in 1981. Immediately prior to the completion of the Reorganisation, Hutchison operated six core business divisions in over 50 countries: ports and related services; property and hotels; retail; infrastructure; energy and telecommunications as well as finance & investments and other operations.

Cheung Kong Reorganisation Proposal

Under the Cheung Kong Reorganisation Proposal and with effect from 18 March 2015, Cheung Kong and all existing subsidiaries, associated companies and joint ventures of Cheung Kong became direct and indirect subsidiaries, associates and joint ventures of CKHH, and CKHH became the holding company of the Cheung Kong group of companies. The listing status of Cheung Kong on the SEHK was withdrawn and CKHH became listed on the Main Board of the SEHK.

Husky Share Exchange

Under the Husky Share Exchange, an indirect wholly-owned subsidiary of Hutchison acquired approximately 6.24% of the common shares of Husky Energy in issue from a company indirectly wholly-owned by the Li Ka-Shing Trust, in exchange for the issue of 84,427,246 new CKHH shares by CKHH, representing a share exchange ratio of 1.376 new CKHH shares for every one Husky Energy share acquired. On completion of the Husky Share Exchange, Hutchison owned an aggregate of approximately 40.19% of the common shares of Husky Energy in issue.

Hutchison Proposal

Under the Hutchison Proposal, immediately after completion of the Husky Share Exchange, and upon completion of the Hutchison Proposal, Hutchison became a wholly-owned subsidiary of CKHH by way of a scheme of arrangement involving a share exchange at the ratio of 0.684 of a new CKHH share for every one Hutchison share and the listing status of Hutchison on the SEHK was withdrawn.

Spin-off Proposal

Under the Spin-off Proposal, immediately following completion of the Hutchison Proposal, the Property Businesses of Cheung Kong and Hutchison were transferred to CK Asset Holdings Limited, which, prior to the completion of the Spin-off Proposal, was wholly-owned by CKHH. All the CK Asset Holdings Limited shares were then distributed by CKHH by way of the distribution in specie to the CKHH shareholders at the distribution ratio of one CK Asset Holdings Limited share for every one CKHH share and CK Asset Holdings Limited was separately listed on the SEHK.

Presentation of financial information for the year ended 31 December 2015 under Statutory Basis

Due to the Reorganisation, the statutory results reported for the year ended 31 December 2015 are not comparable to any subsequent periods as they reflect the one-time accounting effects of several transactions that implemented the Reorganisation, which was completed on 3 June 2015.

On a statutory results basis, profit attributable to ordinary shareholders for the year ended 31 December 2015 of HK\$118,570 million, includes profit attributable to ordinary shareholders from continuing businesses and profit attributable to ordinary shareholders from discontinued businesses.

Profit attributable to ordinary shareholders from continuing businesses of HK\$38,189 million for the year ended 31 December 2015 under statutory basis represented the following:

- Full year's contribution (from January to December 2015) from CKHH's continuing businesses, including results of the six co-owned infrastructure businesses based on the shareholding interest prior to the Reorganisation, aircraft leasing business and CKHH's other non-property assets and liabilities;
- 49.97% share of consolidated results of Hutchison's businesses continued by CKHH for the five months prior to the Reorganisation, together with seven months of full consolidated results of Hutchison's businesses continued by CKHH; and

- Net re-measurement gain of HK\$14,260 million from re-measuring CKHH's previously held equity interests in Hutchison and certain interests in co-owned assets which continue to be retained within CKHH.

Profit attributable to ordinary shareholders from discontinued businesses of HK\$80,381 million for the year ended 31 December 2015, under statutory basis represented the following:

- Five months results of CKHH's discontinued property and hotels businesses conducted prior to the Reorganisation;
- 49.97% share of Hutchison's discontinued property and hotels businesses results for the five months prior to the Reorganisation; and
- Profits on disposal of investments and others totaling HK\$72,859 million which comprises the gain on distribution in specie arising from the spin-off of CK Asset Holdings Limited and the net gain arising from re-measurement of CKHH's previously held interest in property joint ventures with Hutchison upon Reorganisation.

The CKHH financial information presented under statutory basis, for the year ended 31 December 2015, which is derived by adjusting the comparative information in respect of the preceding year ended 31 December 2015 reported in CKHH's consolidated financial statements for the year ended 31 December 2016, incorporated by reference herein, for the effect of a change in presentation of consolidated income statement line items, should be read in conjunction with CKHH's audited consolidated financial statements for the year ended 31 December 2016, its comparative information and related notes thereto that are incorporated by reference in this Offering Circular and "Selected Consolidated Financial Information".

The CKHH financial information for the year ended 31 December 2015 has been included as comparative financial information reported in CKHH's audited consolidated financial statements for the year ended 31 December 2016, incorporated by reference in this Offering Circular.

Presentation of financial information for the year ended 31 December 2015 under Pro Forma Basis

Under the Reorganisation, Cheung Kong and Hutchison merged their assets and businesses into CKHH and simultaneously reallocated them between CKHH and CK Asset Holdings Limited on 3 June 2015. CKHH acquired the remaining 50.03% interest in Hutchison and distributed the Property Businesses as a distribution in specie, retaining CKHH's continuing non-Property Businesses assets and liabilities, including the six co-owned infrastructure businesses based on the shareholding interest prior to the Reorganisation, aircraft leasing business and CKHH's other non-property assets and liabilities. Management, in accordance with the applicable accounting standards, have rebased the identifiable assets and liabilities of Hutchison to their fair value on the date of acquisition. As a result of the Reorganisation and in order to make meaningful comparisons of operating performances against Hutchison's 2014 continuing businesses, management have prepared the pro forma results for year ended 31 December 2015 as if the Reorganisation was effective on 1 January 2015, which reflects the contributions from CKHH's continuing non-Property Businesses assets and liabilities, the contributions from the comparable interests in businesses carried on by Hutchison in 2014 and the effect of rebasing of Hutchison's assets and liabilities to fair value on acquisition for the year ended 31 December 2015.

Reconciliations of the financial information from CKHH statutory results to CKHH Pro Forma results for the year ended 31 December 2015 can be found in the Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015, incorporated by reference in this Offering Circular.

The information presented under the pro forma basis, which has been extracted from the comparative information in respect of the preceding year ended 31 December 2015 reported in CKHH's Financial Performance Summary for the year ended 31 December 2016, should be read in conjunction with CKHH's audited consolidated financial statements for the year ended 31 December 2016, its comparative information and related notes thereto that are incorporated by reference in this Offering Circular with certain information being reclassified to conform to the presentation for the year ended 31 December 2017. Such reclassification can be found in the "Selected Consolidated Financial Information" section.

The following tables showing CKHH's Revenue, EBITDA and EBIT by business divisions for the year ended 31 December 2015 have been prepared under the pro forma basis as if the Reorganisation was effective on 1 January 2015.

Pro forma presentation for year ended 31 December 2015

Full year 2015 pro forma results include contributions from comparable interests in businesses carried on by Hutchison in 2014 ("Comparable Contributions") and contributions from additional interests in such businesses and interests in new businesses acquired as a result of the Reorganisation ("Additional Contributions").

Comparable Contributions include the full year contribution in 2015 from comparable interests in businesses carried on by Hutchison in 2014 under the five core businesses: ports and related services, retail, infrastructure, energy and telecommunications.

Additional Contributions include the full year pro forma contribution in 2015 from Cheung Kong's non-Property Businesses, such as additional interests in Hutchison Ports Trust, six co-owned infrastructure businesses with CKI, the aircraft leasing business, CK Life Sciences ("CKLS"), additional interests in Hutchison Telecommunications Hong Kong Holdings ("HTHKH") and its data centre joint venture, and additional interests in TOM Group; as well as a 6.23% additional interest in Husky Energy acquired as a result of the Husky Share Exchange proposal. Additional Contributions are reported as a separate line in the Revenue, EBITDA and EBIT analysis for the year ended 31 December 2015.

For comparative information purposes for the year ended 31 December 2016, Additional Contributions of the pro forma results for the year ended 31 December 2015 were reclassified and included in each business division to conform with the presentation of CKHH's results for the year ended 31 December 2016.

In addition, the 2015 comparatives have been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" have been reclassified to the respective line items to conform with the 2017 presentation.

Presentation of financial information for years ended 31 December 2016 and 2017

The results presented for the years ended 31 December 2016 and 2017 reflected the actual reported consolidated results of CKHH and can be found in the CKHH's audited consolidated financial statements for the year ended 31 December 2017 that is incorporated by reference in this Offering Circular.

The 2016 comparatives have been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" have been reclassified to the respective line items to conform with the 2017 presentation.

Revenue

The following table shows the revenue including share of associates and joint ventures, by business divisions:

	Year Ended 31 December		
	CKHH Pro forma 2015 ⁽²⁾	CKHH Actual 2016 ⁽²⁾	CKHH Actual 2017
	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	34,009	32,184	34,146
Retail	151,903	151,502	156,163
Infrastructure	55,762	53,211	57,369
Husky Energy	40,029	30,467	44,948
3 Group Europe	62,799	62,415	70,734
Hutchison Telecommunications Hong Kong Holdings . . .	22,122	12,133	9,685
Hutchison Asia Telecommunications	6,900	8,200	7,695
Finance & Investments and Others	32,066	32,211	34,097
Total Revenue ⁽¹⁾	<u>405,590</u>	<u>382,323</u>	<u>414,837</u>

⁽¹⁾ To enable a better comparison of underlying performance for each division, total revenue has been adjusted to reflect CKHH's attributable share of revenue based on the effective shareholding in HPH Trust during the respective financial year.

⁽²⁾ The 2015 and 2016 comparatives have been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" in 2015 and 2016 have been reclassified to Revenue — Finance & Investment and Others to conform with the 2017 presentation as follows:

HK\$ million	CKHH Pro forma 2015	CKHH Actual 2016
Total Revenue as reported in CKHH's 2015 and 2016 Annual Reports.	396,087	372,686
- Share of VHA's revenue*	9,503	9,637
Total Revenue.	<u>405,590</u>	<u>382,323</u>

* Including consolidation adjustments.

EBITDA

The following table shows the EBITDA including share of associates and joint ventures, by business divisions:

	Year Ended 31 December		
	CKHH Pro forma 2015 ⁽²⁾	CKHH Actual 2016 ⁽²⁾	CKHH Actual 2017
	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	11,964	11,639	12,563
Retail	14,838	14,567	14,798
Infrastructure	32,291	31,128	33,033
Husky Energy	9,375	9,284	8,992
3 Group Europe	17,396	18,944	24,337
Hutchison Telecommunications Hong Kong Holdings . . .	2,911	2,607	4,337
Hutchison Asia Telecommunications	1,176	2,298	558
Finance & Investments and Others	4,409	4,058	5,736
Total EBITDA ⁽¹⁾	<u>94,360</u>	<u>94,525</u>	<u>104,354</u>

⁽¹⁾ To enable a better comparison of underlying performance for each division, total EBITDA has been adjusted to reflect CKHH's attributable share of EBITDA based on the effective shareholding in HPH Trust during the respective financial year.

⁽²⁾ The 2015 and 2016 comparatives have been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" in 2015 and 2016 have been reclassified to EBITDA — Finance & Investments and Others to conform with the 2017 presentation as follows:

HK\$ million	CKHH Pro forma 2015	CKHH Actual 2016
Total EBITDA as reported in CKHH's 2015 and 2016 Annual Reports	92,093	91,980
- Share of VHA's EBITDA*	2,267	2,518
- Others	—	27
Total EBITDA	<u>94,360</u>	<u>94,525</u>

* Including consolidation adjustments.

EBIT

The following table shows the EBIT including share of associates and joint ventures, by business divisions:

	Year Ended 31 December		
	CKHH Pro forma 2015 ⁽²⁾	CKHH Actual 2016 ⁽²⁾	CKHH Actual 2017
	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	7,957	7,567	8,219
Retail	12,328	12,059	12,089
Infrastructure	23,477	22,162	23,449
Husky Energy	2,229	3,429	2,703
3 Group Europe	11,664	12,838	16,567
Hutchison Telecommunications Hong Kong Holdings . . .	1,426	1,055	707
Hutchison Asia Telecommunications	1,176	2,130	226
Finance & Investments and Others	1,952	1,879	3,632
Total EBIT ⁽¹⁾	<u>62,209</u>	<u>63,119</u>	<u>67,592</u>

⁽¹⁾ To enable a better comparison of underlying performance for each division, total EBIT has been adjusted to reflect CKHH's attributable share of EBIT based on the effective shareholding in HPH Trust during the respective financial year.

⁽²⁾ The 2015 and 2016 comparatives have been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" in 2015 and 2016 have been reclassified to EBIT — Finance & Investments and Others to conform with the 2017 presentation as follows:

HK\$ million	CKHH Pro forma 2015	CKHH Actual 2016
Total EBIT as reported in CKHH's 2015 and 2016 Annual Reports	62,079	62,414
- Share of VHA's EBIT*	130	678
- Others	—	27
Total EBIT	<u>62,209</u>	<u>63,119</u>

* Including consolidation adjustments.

Ratios and Other Information:

CKHH's EBIT and EBITDA for the year ended 31 December 2017 covered total interest expenses and other finance costs, including share of associates and joint ventures, by 3.8 times (31 December 2016: 4.8 times) and 5.8 times (31 December 2016: 7.1 times), respectively.

CKHH's pro forma EBIT and pro forma EBITDA for 2015 covered total interest expenses and other finance costs, including share of associates and joint ventures, by 4.5 times and 6.8 times, respectively.

Ports and Related Services

The ports and related services division comprises the 80%-owned subsidiaries, Hutchison Port Holdings and Hutchison Ports Investments S.à r.l. (collectively "Hutchison Ports"), and HPH Trust, the associate listed on the Main Board of the SGX-ST. CKHH currently has interests in 52 ports comprising 289 operational berths⁽¹⁾ in 26 countries in Asia, the Middle East, Africa, Europe, the Americas and Australasia. In 2016 and 2017, CKHH's ports and related services division handled combined container throughput of 81.4 million TEU and 84.7 million TEU respectively. CKHH has interests in various locations including:

- the Mainland, where Hutchison Ports holds interests in Shanghai Mingdong Container Terminals ("SMCT"), Shanghai Pudong International Container Terminals ("SPICT"), Shanghai Container Terminals ("SCT") (which ceased its container handling business in

⁽¹⁾ Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres, which may be different to the number of physical container berths for vessel mooring.

January 2011), Ningbo Beilun International Container Terminals (“NBCT”), as well as ports in Southern China, and CKHH, through its associate, HPH Trust holds interests in Phase I, II, III and West Port at Yantian International Container Terminals (“YICT”) and Huizhou International Container Terminals (“HICT”);

- Hong Kong, the fifth busiest container port in the world in 2017 in terms of container throughput, where CKHH, through its associate, HPH Trust, holds interests in: Hongkong International Terminals (“HIT”); Asia Container Terminals (“ACT HK”), a strategic partnership between HPH Trust and COSCO SHIPPING Ports Limited; as well as COSCO-HIT Terminals (“CHT”), a 50/50 joint venture between HIT and COSCO SHIPPING Ports Limited;
- the Netherlands, where Hutchison Ports holds interests in Europe Container Terminals (“ECT”) in Rotterdam, Amsterdam Container Terminals (“ACT”) and TMA Logistics (“TMA”) in Amsterdam;
- the UK, where Hutchison Ports holds interests in Hutchison Ports (UK), which operates in the Port of Felixstowe (“PFL”), London Thamesport (“LTP”) and Harwich International Port (“HWH”);
- Continental Europe, where Hutchison Ports holds interests in Barcelona Europe South Terminal (“BEST”) in Spain, Gdynia Container Terminal (“GCT”) in Poland, as well as the right to operate Container Terminal Frihamnen (“CTF”) in Sweden;
- Malaysia, where Hutchison Ports holds interests in Westports Malaysia (“KMT”) at Port Klang;
- Indonesia, where Hutchison Ports holds interests in Jakarta International Container Terminal (“JICT”) in Tanjung Priok and Terminal Petikemas Koja (“KOJA”) at the Port of Tanjung Priok next to JICT;
- South Korea, where Hutchison Ports operates one deep-water container terminal in Busan through Hutchison Korea Terminals (“HKT”) and one terminal in Gwangyang through Korea International Terminals (“KIT”);
- Thailand, where Hutchison Ports holds interests in Thai Laemchabang Terminal (“TLT”) and Hutchison Laemchabang Terminal (“HLT”) at Laem Chabang;
- Pakistan, where Hutchison Ports holds interests in Karachi International Container Terminal (“KICT”) at the Port of Karachi and South Asia Pakistan Terminals (“SAPT”) at the estuary of the Keamari Groyne basin;
- Vietnam, where Hutchison Ports holds interests in Saigon International Terminals Vietnam (“SITV”) in Ba Ria Vung Tau Province, in southern Vietnam;
- Myanmar, where Hutchison Ports holds interests in Myanmar International Terminals Thilawa (“MITT”) at Thilawa;
- Australia, where Hutchison Ports holds interests in Brisbane Container Terminals (“BCT”) at the Port of Brisbane and Sydney International Container Terminals (“SICTL”) at Port Botany;
- Saudi Arabia, where Hutchison Ports holds interests in International Ports Services (“IPS”) at Dammam;
- Egypt, where Hutchison Ports holds interests in Alexandria International Container Terminals (“AICT”), which operates terminals at Alexandria and El Dekheila Ports;
- The United Arab Emirates (“UAE”), where Hutchison Ports holds interests in Hutchison Ajman International Terminals (“HAJT”) in Ajman, Hutchison Ports RAK (“RAK”) in Ras Al Khaimah and Hutchison Ports UAQ (“UAQ”) in Umm Al Quwain;
- Oman, where Hutchison Ports holds interests in Oman International Container Terminal (“OICT”) at the Port of Sohar;
- Iraq, where Hutchison Ports holds interest in NAWAH for Ports Management LLC, a container terminal at the Port of Basra (“Basra”);
- Mexico, where Hutchison Ports holds interests in Internacional de Contenedores Asociados de Veracruz (“ICAVE”), which is located at the Port of Veracruz on the east coast, as well as other port operations in Ensenada, Manzanillo and Lazaro Cardenas which are located on the west coast;

- Argentina, where Hutchison Ports holds interests in Buenos Aires Container Terminal Services (“BACTSSA”) at the Port of Buenos Aires;
- the Bahamas, where Hutchison Ports holds interests in Freeport Container Port (“FCP”) on Grand Bahama Island;
- Panama, where Hutchison Ports holds interests in Panama Ports Company (“PPC”), which manages and operates the ports of Cristobal and Balboa, located on the Atlantic and Pacific side respectively of the Panama Canal; and
- Tanzania, where Hutchison Ports holds interests in Tanzania International Container Terminal Services (“TICT”) at Dar es Salaam.

The division also has interests in other logistics and transportation-related businesses. These include cruise ship terminals, airport operations, distribution centres, rail services and ship repair facilities.

Additional contribution

Post-Reorganisation, CKHH’s interest in HPH Trust, as compared to Hutchison’s interest, increased slightly from 27.62% to 30.07%.

Retail

CKHH currently holds a 75.05% interest in A.S. Watson, the largest health and beauty retailer in Asia and Europe in terms of number of stores, and an operator of major chains of supermarkets and consumer electronics and electrical appliances stores. As of 31 December 2017, A.S. Watson had over 14,100 stores in 24 markets mainly in Europe, Hong Kong, the Mainland and other markets in Asia. A.S. Watson also manufactures and distributes water and beverage products in Hong Kong and the Mainland.

Infrastructure

CKI

CKHH currently holds a 75.67%⁽¹⁾ interest in CKI, the largest publicly listed infrastructure company in Hong Kong in terms of market capitalisation, with principal operations in Hong Kong, the Mainland, the UK, Australia, New Zealand, Canada and Continental Europe. As of 31 December 2017, CKI’s major interests include:

- a 38.01% interest in Power Assets, a listed company in Hong Kong that holds a 33.37% interest in HK Electric Investments (“HKEI”). HKEI’s wholly-owned subsidiary, Hongkong Electric, generates, transmits and is the sole distributor of electricity to Hong Kong Island and Lamma Island;
- together with Power Assets, a 51% interest (CKI: 23.07%; Power Assets: 27.93%) in each of (i) SA Power Networks, the primary electricity distributor in the State of South Australia; (ii) Powercor Australia Limited (“Powercor”), one of the largest electricity distributors in the State of Victoria; and (iii) the CitiPower Trust (“CitiPower”), another major electricity distributor in the State of Victoria;
- together with Power Assets, a 100% interest (on a 50/50 basis) in Australian Energy Operations Pty Ltd (formerly known as Transmission General Holdings (Australia) Pty Ltd) which holds Transmission Operations (Australia) Pty Ltd (“TOA”) and Transmission Operations (Australia) 2 Pty Ltd (“TOA2”). Both TOA and TOA2 own and operate electricity transmission assets that connect wind turbines to the Victorian power grid. TOA connects the Mt Mercer Wind Farm, located approximately 30 kilometres south of Ballarat, to the grid and TOA2 connects the Ararat Wind Farm, located approximately 180 kilometres northwest of Melbourne and between 9 kilometres to 17 kilometres northeast of Ararat in Victoria, to the grid;
- together with Power Assets, a 72.48% interest (CKI: 44.97%; Power Assets: 27.51%) in Australian Gas Networks Holdings Pty Ltd (“AGN”), one of the largest natural gas distribution companies in Australia that owns natural gas distribution networks and transmission pipelines in South Australia, Victoria, Queensland, New South Wales and the Northern Territory;

⁽¹⁾ Based on CKHH’s profit sharing ratio in CKI.

- together with Power Assets, a 60% interest (CKI: 40%; Power Assets: 20%) in DUET Group, international owner and operator of energy utility assets, providing low emissions and remote energy generation solutions, gas transmission through the Dampier Bunbury Pipeline in Western Australia and distribution of gas and electricity in Victoria;
- together with Power Assets, an 80% interest (CKI: 40%; Power Assets: 40%) in UK Power Networks Holdings Limited (“UK Power Networks”), which owns, operates and manages three regulated electricity distribution networks in the UK that cover London, the South East of England and the East of England. UK Power Networks is also engaged in certain non-regulated electricity distribution businesses in the UK, including the distribution of electricity to a number of privately owned sites;
- a 40% interest in Northumbrian Water Group (“Northumbrian Water”), one of the ten regulated water and sewerage companies in England and Wales, which operates in the water supply, sewerage and waste water industries in England and Wales. Northumbrian Water provides water and sewerage services in the North East of England and water services in the South East of England. In addition, Northumbrian Water’s operations include a business comprising the Kielder Reservoir, the largest man-made reservoir in Northern Europe, as well as a portfolio of water and waste water contracts;
- together with Power Assets, an 88.35% interest (CKI: 47.06%; Power Assets: 41.29%) in Northern Gas Networks Holdings Limited (“Northern Gas”), which distributes gas to homes and businesses across the North of England, an area covering West, East and North Yorkshire, and Cumbria;
- together with Power Assets, a 60% interest (CKI: 30%; Power Assets: 30%) in each of West Gas Networks Limited (“West Gas Networks”) and Western Gas Networks Limited (“Western Gas Networks”), which together owns a 100% interest in Wales & West Utilities Limited (“Wales & West Utilities”). Wales & West Utilities is principally engaged in the management of gas transportation assets, gas distribution and meter work services throughout Wales and the South West of England;
- a 50% interest in UK Rails S.à.r.l. (“UK Rails”), one of the three major rolling stock leasing companies in the UK. UK Rails offers a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, to passenger and freight train operating companies;
- together with Power Assets, a 100% interest (on a 50/50 basis) in Electricity First Limited, which owns a 50% interest in Seabank Power Limited (“Seabank Power”). Seabank Power owns and operates Seabank Power Station, which is located near Bristol, England;
- a 4.75% interest in Southern Water Group (“Southern Water”), a regulated business which supplies fresh, quality drinking water, as well as treating and recycling waste water in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight;
- together with Power Assets, a 55% interest (CKI: 35%; Power Assets: 20%) in Dutch Enviro Energy Holdings B.V. (“Dutch Enviro Energy”) which in turn owns AVR-Afvalverwerking B.V. (“AVR”). AVR is principally engaged in the business of waste processing and production and supply of renewable energy from the incineration of waste in the Netherlands;
- together with Power Assets, a 100% interest (on a 50/50 basis) in Portugal Renewable Energy — PTRW, Unipessoal Lda (“Portugal Renewable Energy”), which in turn owns a 100% interest in Iberwind — Desenvolvimento e Projectos, S.A. (“Iberwind”). Iberwind is principally engaged in the business of electricity generation from wind power in Portugal;
- a 35% interest in ista, a fully integrated energy management services provider that runs submetering businesses across 24 countries, measuring energy and water consumption and the cost allocation for properties. It also sells a range of meter hardware and provides a range of related services such as maintenance, meter reading, data processing and billing;
- together with Power Assets, a 100% interest (on a 50/50 basis) in Canadian Power Holdings Inc. (“Canadian Power”), which owns a 100% partnership interest in the Meridian Cogeneration Plant and a 49.99% partnership interest in TransAlta Cogeneration, L.P. The

Meridian Cogeneration Plant is a natural gas-fired cogeneration plant in Saskatchewan, Canada. TransAlta Cogeneration, L.P. owns interests in four natural gas-fired cogeneration plants in Alberta, Canada and Ontario, Canada and a coal-fired generation plant in Alberta, Canada;

- a 50% interest in Park’N Fly (“Park’N Fly”), the largest off-airport car park provider in Canada, and the only national operator. The company provides parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton, Ottawa and Winnipeg;
- together with Power Assets, a 65% interest (CKI: 16.25%; Power Assets: 48.75%) in Husky Midstream Limited Partnership (“HMLP”), which holds a portfolio of oil pipeline assets in Canada including approximately 1,900 kilometres of oil pipeline across the provinces of Alberta and Saskatchewan and oil storage capacity of 4.1 million barrels between Hardisty and Lloydminster. The remaining 35% interest in HMLP is held by Husky Energy, an associated company in which CKHH owns a 40.19% interest;
- a 25% interest in Reliance, which operates in the building equipment services sector providing water heaters, heating, ventilation and air conditioning (“HVAC”) equipment, comfort protection plans and other services to homeowners in Canada and the United States;
- together with Power Assets, a 100% interest (on a 50/50 basis) in Wellington Electricity Distribution Network (“Wellington Electricity”), which supplies electricity to the city of Wellington, the capital of New Zealand, and extends to the Porirua and Hutt Valley regions of New Zealand;
- a 100% interest in Enviro (NZ) Limited (“EnviroNZ”), a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to more than half a million commercial and household customers via collection services, recycling, landfills and transfer stations across the country;
- interests in joint ventures that own and operate approximately 252.8 kilometres of toll roads and bridges in the Mainland; and
- various interests in an infrastructure materials business that produces cement, concrete, asphalt and aggregates mainly in Hong Kong and the Mainland.

Additional contribution

Post-Reorganisation, CKHH’s infrastructure division holds direct interests in six co-owned infrastructure investments with CKI, as well as CKHH’s aircraft leasing business (disposed of in December 2016).

Interests in the six co-owned infrastructure investments comprise a:

- 40% interest in Northumbrian Water. Including this direct interest, CKHH holds an effective 70.27% interest in Northumbrian Water;
- 30% interest in each of West Gas Networks and Western Gas Networks. Including these direct interests, CKHH holds an effective 61.33% interest in each of West Gas Networks and Western Gas Networks and therefore also in Wales & West Utilities;
- 50% interest in UK Rails. Including this direct interest, CKHH holds an effective 87.84% interest in UK Rails;
- 35% interest in Dutch Enviro Energy. Including this direct interest, CKHH holds an effective 67.24% interest in Dutch Enviro Energy and therefore also in AVR;
- 27.51% interest in AGN. Including this direct interest, CKHH holds an effective 69.45% interest in AGN; and
- 50% interest in Park’N Fly. Including this direct interest, CKHH holds an effective 87.84% interest in Park’N Fly.

Husky Energy

Husky Energy, an associated company, is an international integrated energy company incorporated in Canada and listed on the Toronto Stock Exchange. Husky Energy's business is conducted predominantly through two major business segments: Upstream and Downstream.

- Upstream operations in the Integrated Corridor and Offshore include exploration for, and development and production of, crude oil, bitumen, natural gas and NGL (Exploration and Production) and marketing of Husky Energy's and other producers' crude oil, natural gas, NGL, sulphur and petroleum coke, pipeline transportation, the blending of crude oil and natural gas, and storage of crude oil, diluent and natural gas (Infrastructure and Marketing). Infrastructure and Marketing markets and distributes products to customers on behalf of Exploration and Production and is grouped in the Upstream business segment based on the nature of its interconnected operations. Husky Energy's Upstream operations are located primarily in Western Canada, offshore east coast of Canada (Atlantic), offshore China and offshore Indonesia (Asia Pacific).
- Downstream operations in the Integrated Corridor include upgrading of heavy crude oil feedstock into synthetic crude oil in Canada (Upgrading), refining crude oil in Canada, marketing of refined petroleum products including gasoline, diesel, ethanol blended fuels, asphalt and ancillary products, production of ethanol (Canadian Refined Products), and refining in the U.S. of primarily crude oil to produce and market asphalt, gasoline, jet fuel and diesel fuels that meet U.S. clean fuels standards (U.S. Refining and Marketing). Upgrading, Canadian Refined Products and U.S. Refining and Marketing all process and refine natural resources into marketable products and are grouped together as the Downstream business segment due to the similar nature of their products and services.

Additional Contribution

Post-Reorganisation, CKHH's interest in Husky Energy, as compared to Hutchison's interest, increased from 33.96% to 40.19%.

Telecommunications

CKHH is a leading worldwide operator of mobile telecommunications networks. The telecommunications division currently consists of: **3** Group Europe, comprising unlisted mobile telecommunications businesses in various countries in Europe; an approximate 66.09% interest in HTHKH which is listed on the main board of SEHK; and Hutchison Asia Telecommunications ("HAT") which consists of telecommunications operations in Indonesia, Vietnam and Sri Lanka; and an approximate 87.87% interest in Hutchison Telecommunications (Australia) Limited ("HTAL").

- **3** Group Europe comprises mobile telecommunications businesses in the UK, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services under the brand name "Three" or "**3**", and Italy where Wind Tre S.p.A. ("Wind Tre"), in which CKHH indirectly holds a 50% interest, offers mobile telecommunications services under the "Three" or "**3**" and "Wind" brand names, and fixed-line services under the "Infostrada" brand name. As of 31 December 2017, CKHH's **3** Group Europe operations had approximately 52.3 million registered customers.
 - In the UK, Hutchison 3G UK Limited ("**3** UK") serviced a registered customer base of approximately 12.6 million as of 31 December 2017.
 - In Italy, Wind Tre, which was formed on 5 November 2016, serviced a registered customer base of approximately 29.5 million as of 31 December 2017.
 - In Sweden, Hi3G Access AB ("Hi3G Access"), in which CKHH holds a 60% interest, serviced a registered customer base of approximately 2.0 million as of 31 December 2017.
 - In Denmark, Hi3G Denmark ApS ("Hi3G Denmark"), in which CKHH holds a 60% interest and a wholly-owned subsidiary of Hi3G Access, serviced a registered customer base of over 1.3 million as of 31 December 2017.
 - In Austria, Hutchison Drei Austria GmbH ("**3** Austria") serviced a registered customer base of approximately 3.6 million as of 31 December 2017.

- In Ireland, Hutchison 3G Ireland Limited (“3 Ireland”) serviced a registered customer base of approximately 3.2 million as of 31 December 2017.
- HTHKH, which was listed on the SEHK in May 2009, is a mobile telecommunications operator that provides services in Hong Kong and Macau under the 3 Brand. HTHKH has a combined active mobile customer base of approximately 3.3 million in Hong Kong and Macau as of 31 December 2017.
- HAT holds interests in mobile operations in Indonesia, Vietnam and Sri Lanka. HAT has an active mobile customer base of approximately 75.0 million as of 31 December 2017.
- HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange (“ASX”), has a 50% interest in VHA, which serviced an active customer base of approximately 5.8 million (including mobile virtual network operators (“MVNOs”)) in Australia as of 31 December 2017. CKHH’s share of VHA’s results is included under the “Finance & Investments and Others” division.

Additional Contribution

Post-Reorganisation, CKHH’s interest in HTHKH has increased from 65.01% to 66.09%. Included as Additional Contributions is a 50% interest in a data centre joint venture with HTHKH, of which HTHKH holds the other 50%. In March 2017, CKHH’s 50% interest was disposed of to HTHKH and in October 2017, the 100% interest was disposed of by HTHKH as part of the fixed-line business disposal.

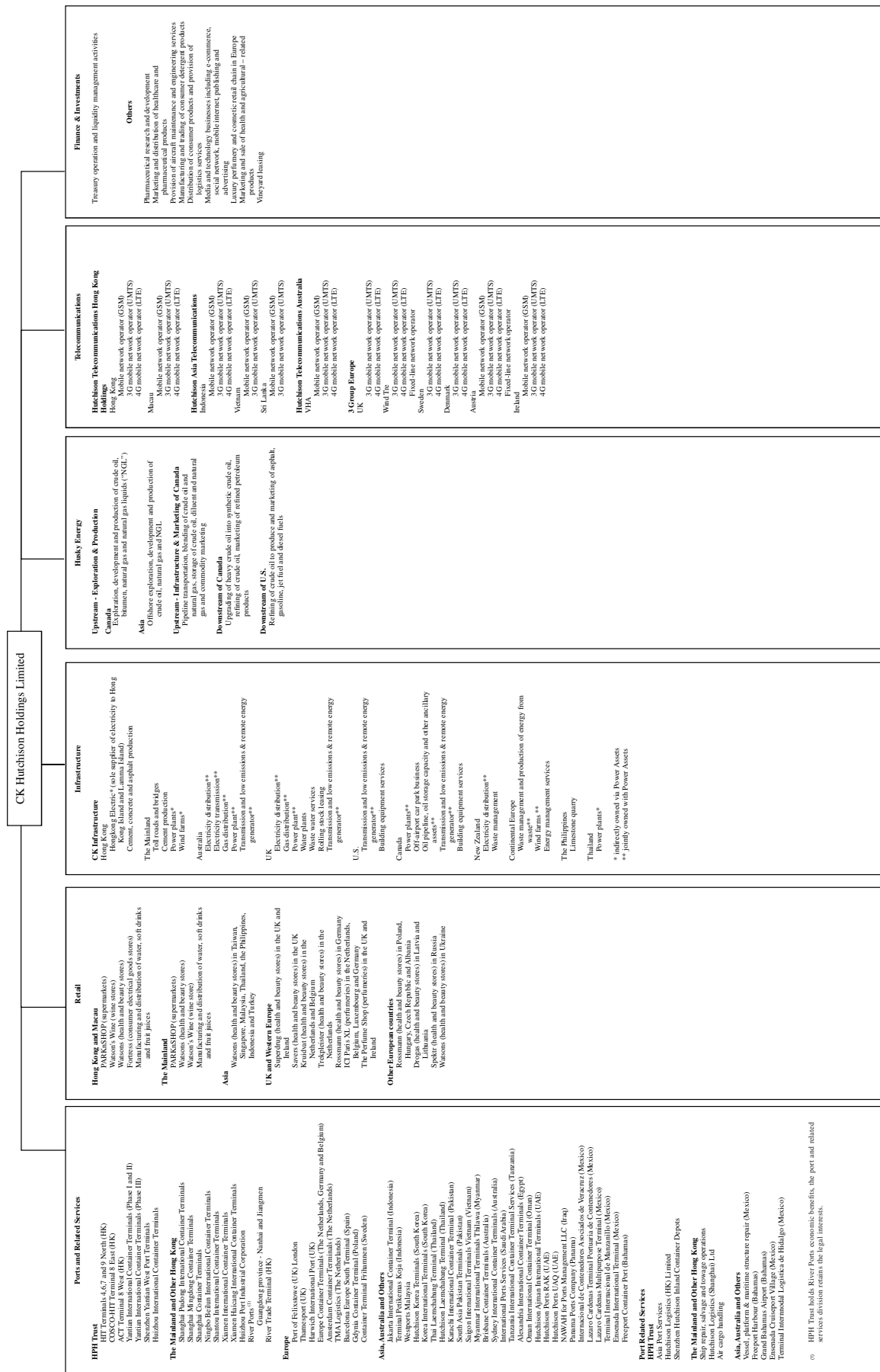
Finance & Investments and Others

CKHH receives income from its finance & investments and others division, which is responsible for the management of CKHH’s cash deposits, liquid assets held in managed funds and other investments. CKHH operates a central cash management system for all of its subsidiaries, except for listed subsidiaries and certain overseas entities conducting businesses in non-Hong Kong or non-U.S. dollar currencies. Income from this division includes interest income, dividends from equity investments, profits and losses from sale of securities, and foreign exchange gains and losses of non-Hong Kong dollar denominated liquid assets. The interest expense and finance costs related to CKHH’s various operating businesses are not attributed to this division but are borne by the operating businesses.

CKHH’s share of the results of Hutchison Whampoa (China) Limited (“HWCL”), Hutchison E-Commerce operations, Hutchison Water, listed associate TOM Group, the Marionnaud Group, listed associate CKLS and listed subsidiary, HTAL, which has a 50% interest in VHA are reported under this division.

- HWCL operates various manufacturing, service and distribution joint ventures in the Mainland and Hong Kong, and also owns 60.3% of Hutchison China MediTech Ltd (“Chi-Med”), a subsidiary listed on both the AIM Market of the London Stock Exchange in the UK and the Nasdaq Global Select Market (“Nasdaq”) in the U.S. Chi-Med is an innovative biopharmaceutical company which researches, develops, manufactures and sells pharmaceuticals and healthcare products;
- CKHH has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing, sale of, and investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products;
- CKHH has an approximate 36.73% interest in the TOM Group, a media and technology company listed on the SEHK. In addition to its media businesses in publishing and advertising, TOM Group also has a technology platform with operations in e-commerce, social network, mobile internet; and investments in fintech and big data analytics sectors; and
- CKHH has a 100% interest in the Marionnaud Group, a luxury perfumery and cosmetic retail chain in Europe.

The following chart illustrates the main activities of CKHH and its associates and joint ventures by business segment:



Recent Developments

3 Group Europe

- At the recent spectrum auction held in April 2018, 3 UK secured 20 MHz of 3.4 GHz spectrum at a cost of approximately £151 million.

Finance & Investments and Others

- In February 2018, CKHH formed a strategic partnership with Ant Financial to offer a consumer-oriented digital app under the “AlipayHK” brand, which integrates online and offline payments to consumers in Hong Kong; and
- In March 2018, HWCL completed the acquisition of 21.2% interest in Gama Aviation Plc, a global business aviation services provider listed on the AIM Market of the London Stock Exchange in the UK, for a total consideration of £33.0 million and simultaneously completed the disposal of its entire 20% interest in China Aircraft Services Limited and 50% interest in Gama Aviation Hutchison Holdings Limited to a subsidiary of Gama Aviation Plc for an aggregated consideration of £14.2 million.

Major Financing Activities and Perpetual Capital Securities Activities

- In January 2018, CKHH prepaid a floating rate term and revolving loan facility of HK\$2,900 million maturing in November 2019;
- In January 2018, CKHH prepaid a floating rate term and revolving loan facility of HK\$1,000 million maturing in October 2019;
- In January 2018, CKHH's listed subsidiary CKI prepaid two floating rate loan facilities of US\$200 million each (approximately HK\$3,120 million) maturing in October 2018;
- In January 2018, the US\$500 million (approximately HK\$3,900 million) Guaranteed Senior Perpetual Securities issued by Cheung Kong Bond Securities (03) Limited were redeemed in full;
- In March 2018, CKHH's listed associated company HPH Trust made a drawdown of US\$500 million (approximately HK\$3,900 million) under a five-year floating rate loan facility of the same amount that was obtained in the same month, and applied the proceeds of such loan to fully redeem the US\$500 million (approximately HK\$3,900 million) 2.25% guaranteed notes due in 2018 issued by HPHT Finance (15) Limited; and
- In March 2018, notice was given for the redemption in full on 10 May 2018 of the €1,750 million (approximately HK\$16,975 million) Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa Europe Finance (13) Limited.

Business Strategy

In the current global economic environment, CKHH focuses on maintaining financial discipline and the strength of its financial position in order to successfully execute its business strategies. CKHH's overall business strategy is to focus on and continue to cautiously expand its core businesses and its market share in all markets in which it operates, mainly by organic growth, and through selective acquisitions where opportunities exist. CKHH has focused primarily in the markets which it has existing operations and with a stable economic and political environment. CKHH expects to continue to cautiously expand in its core businesses in line with demand for its products and services. CKHH also seeks to establish a strong and diversified local presence in each market in which it operates.

CKHH's divisions have the following specific business strategies:

- The ports and related services division plans to continue to optimise the performance of its existing port operations and to continue to grow and expand its existing position as a leading global competitor in container terminal operations. The division plans to pursue selective expansion opportunities to meet demand in its existing port locations to maintain market share and to cautiously expand into new markets elsewhere around the world. In addition, the division seeks to maximise the operational efficiencies among its global port operations as well as to improve the operating results of the ports through strict cost management strategies in order to maintain stable growth.
- The retail division seeks to build its leading market position by expanding its businesses through organic growth with new store openings mainly in markets with high growth potential. CKHH believes that it can use its retail expertise as a global retailer to expand and continue to grow its operations. In addition to network expansion, the retail division has been creating differentiation through developing its own brand products and building customer relationship management and digital capabilities that provide multi-channel shopping experiences, as well as increase insight into customer preferences to enhance the effectiveness of marketing campaigns.
- CKI seeks to ascertain further opportunities to invest in infrastructure projects with stable returns and accretive earnings and cashflow profiles.
- Husky Energy's business strategy is to focus on returns from investment in a deep portfolio of opportunities that can generate increased funds from operations and free cashflow. Husky Energy has two main areas of focus:
 - the Integrated Corridor which includes crude oil, bitumen, and NGL production from Western Canada, the Lloydminster upgrading and asphalt refining complex, the Prince George Refinery, Husky Midstream Limited Partnership (35% working interest and operatorship), and the Lima, Toledo and Superior refineries in the U.S. midwest. Natural gas production from the Western Canada portfolio is closely aligned with Husky Energy's energy requirements for refining and thermal bitumen production and acts as a natural hedge; and
 - the Offshore business which includes operations, development and exploration in the Asia Pacific and Atlantic. Each area generates high-netback production, with near and long-term investment potential.
- CKHH intends to continue to grow its existing **3** Group Europe businesses, as well as the VHA operation in Australia, and increase profitability through in-market consolidation strategy and the continued realisation of synergies after the acquisitions of Orange Austria and O₂ Ireland. The formation of an equal joint venture, Wind Tre, which merged **3** Italia S.p.A. ("**3** Italia") and Wind Telecomunicazioni S.p.A. ("WIND") in Italy, was completed in November 2016 and became the largest mobile operator in Italy by customer numbers. CKHH will closely monitor the integration progress and focus on the successful integration of the legacy business and delivery of the expected merger synergies by Wind Tre.
- HTHKH's strategy for its mobile business is to increase and diversify revenue and profitability by offering existing and potential customers a wide range of telecommunications services, from voice-driven services to ultrahigh-speed information communications technology services.

- CKHH also aims to organically grow and increase profitability of its existing telecommunications businesses in Indonesia, Vietnam and Sri Lanka by diversifying revenue streams, network expansion, strengthening competitive positioning and increasing efficiency and continued focus on cost management.

Ports and Related Services

The ports and related services division comprises the 80%-owned subsidiaries, Hutchison Port Holdings and Hutchison Ports Investments S.à r.l. (collectively “Hutchison Ports”), and HPH Trust, the associate listed on the Main Board of the SGX-ST. CKHH is one of the world’s largest privately-owned container terminal operators in terms of throughput handled and CKHH has interests in container terminals operating in five of the 10 busiest ports by container throughput in the world: Shanghai, the Mainland; Shenzhen, the Mainland; Ningbo, the Mainland; Hong Kong and Busan, South Korea. CKHH also has interests in container terminals operating in the largest port in Europe, Rotterdam, the Netherlands. The division handled combined container throughput of 81.4 million TEU and 84.7 million TEU in 2016 and 2017, respectively. CKHH currently has interests in 52 ports comprising 289 operational berths⁽¹⁾ in 26 countries.

The market for ports and related services is dependent on a variety of factors. The geographic location of each port is important to its traffic flow. Ports in Hong Kong benefit from its strategic location at the centre of the developing economies of Asia. A terminal operator must also have sufficient capacity to meet the demands of its customers. In addition, through its interests in Shanghai, Ningbo, and Delta ports and, through its associate HPH Trust, Yantian Port and Huizhou Port, CKHH is one of the largest private container terminal operators in the Mainland. Through its European operations, CKHH is positioned as one of the market leaders in container terminal operations with businesses in the UK, the Netherlands, Belgium, Germany, Spain, Poland and Sweden. CKHH also operates the largest container terminal operation in Indonesia and Thailand. Shipping lines focus on turnaround time at ports in order to minimise the amount of time their vessels spend at ports. CKHH utilises the latest technology and management systems in all of its port operations in order to maximise turnaround performance.

⁽¹⁾ Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres, which may be different to the number of physical container berths for vessel mooring.

The following table set out the container throughput by type of shipment and geographic location, respectively, of the portfolio of ports operated by CKHH’s subsidiaries, associates and joint ventures:

Container Throughput⁽²⁾

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	52,530.3	54,461.4
Transshipment	28,860.1	30,211.4
Total.	<u>81,390.4</u>	<u>84,672.8</u>
HPH Trust	22,824.9	24,587.4
The Mainland and Other Hong Kong	13,778.1	14,409.0
Europe.	14,604.6	15,380.2
Asia, Australia and Others.	30,182.8	30,296.2
Total.	<u>81,390.4</u>	<u>84,672.8</u>

⁽²⁾ The published statistics from the Hong Kong Marine Department are not directly comparable to throughput figures of HIT, CHT and ACT HK included in the figure for HPH Trust above. HIT, CHT and ACT HK figures include volumes in relation to lighterwork etc. and are more comparable to statistics used by the industry.

HPH Trust

Yantian Port

YICT, a joint venture between HPH Trust and Shenzhen Yantian Port Group, is located in Da Peng Bay, three kilometres from the Hong Kong border.

HPH Trust has a 56.4% interest in YICT, which owns and manages Phases I and II of Yantian Port, the first deep-water port in the southern Mainland. Phases I and II of Yantian Port provide 130 hectares of yard space, five container berths and one barge berth. Yantian Phase III, in which HPH Trust holds a 51.6% interest, was formed to develop terminal facilities at Phase III and Phase III expansion of Yantian Port. A new container berth at Phase III expansion was put into operation in May 2016. Together they provide a total yard space of 226 hectares and 11 container berths.

HPH Trust holds a 51.6% interest in Yantian West Port Phases I and II, which are adjacent to existing Yantian Port Phases I and II facilities. Yantian West Port Phase I provides one container berth and two barge berths with yard space of 17 hectares. Yantian West Port Phase II has been completed and provides three container berths with yard space of 44 hectares. The first berth of Yantian West Port Phase II commenced operation in February 2016, and the other two berths commenced operation in January 2018.

Yantian Port handled throughput of 11.7 million TEU in 2016 and 12.7 million TEU in 2017.

Hong Kong Kwai Tsing Port Operations

HPH Trust holds a 100% interest in HIT. HIT's scope of operations in Hong Kong, one of the busiest ports in the world in terms of throughput in 2017, includes the loading and unloading of containers to and from container vessels, the storage of containers and cargoes and the handling of containers within the container terminal premises. HIT operates 12 container berths and four barge berths at its four terminals at Kwai Tsing. In addition, HIT's 50% joint venture, CHT, operates two container berths and five barge berths at Kwai Tsing. HIT and CHT occupy approximately 141 hectares of terminal space which is held under leases granted by the Hong Kong Government expiring in 2047. Historically, the Hong Kong Government has controlled the amount of land used for container terminals.

HPH Trust currently holds an effective interest of 40% in ACT HK, which owns and operates two container berths at Container Terminal 8 West, adjacent to the HPH Trust's existing container terminals, at Kwai Chung, Hong Kong.

In December 2016, HIT, CHT and ACT HK entered into a Co-Management Agreement for which they will collaborate towards the efficient management and operation of 16 berths across Terminals 4, 6, 7, 8 and 9 in Kwai Tsing, Hong Kong with effect from 1 January 2017.

Throughput of HIT, CHT and ACT HK together amounted to 11.1 million TEU in 2016 and 11.7 million TEU in 2017.

Huizhou International Container Terminals Limited

HPH Trust holds an effective interest of 41.3% in HICT, the first dedicated container terminal in Huizhou Port, which is located close to the manufacturing hinterland in eastern Guangdong and has two berths, with a total berth length of 800 metres, an area of 60 hectares, a depth alongside of 15.7 metres and approaching channel of 15.2 metres. In December 2016, Hutchison Ports disposed its 80% interest in HICT to HPH Trust.

In 2016, HICT handled throughput of 162,500 TEU and in 2017 handled throughput of 211,900 TEU.

Ports in the Mainland and Other Hong Kong

Shanghai Ports

Shanghai was the busiest port in the world in terms of container throughput in 2017. Hutchison Ports' interests in Shanghai ports include interests in SMCT, SPICT and SCT. CKHH's Shanghai ports, comprising 17 container berths handled 8.6 million TEU in 2016 and 9.3 million TEU in 2017.

The following table summarises the combined container throughput of CKHH's Shanghai ports:

Shanghai Ports Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	6,438.3	6,933.6
Transshipment	2,120.7	2,376.8
Total.	<u>8,559.0</u>	<u>9,310.4</u>

Shanghai Mingdong Container Terminals Limited. Hutchison Ports holds a 50% interest in SMCT. SMCT, located at Phase V of the Waigaoqiao in Shanghai, consists of four container berths and two barge berths along a 1,300-metre quay. SMCT is currently leasing the Waigaoqiao Phase VI container terminal with three container berths along a 958 metre quay.

Shanghai Pudong International Container Terminals Limited. Hutchison Ports owns a 30% interest in SPICT. SPICT operates three container berths at Phase I of the Waigaoqiao in Shanghai. It also offers supporting services that include a container freight station and reefer facilities.

Shanghai Container Terminals Limited. Hutchison Ports owns a 40% equity interest in SCT, which is a joint venture with Shanghai International Port (Group) Co. Ltd. SCT's Zhanghuabang and Jungonglu terminals are leased to Shanghai International Port (Group) Co. Ltd. for handling domestic cargo.

Ningbo Beilun International Container Terminals Limited. Hutchison Ports holds a 49% interest in NBCT. NBCT is a container-handling facility situated at Ningbo Beilun Port, a natural deep-water port on the southeast coast of China. The facility is situated on 76.2 hectares of land and is equipped with three container berths. NBCT handled 2.0 million TEU in 2016 and 2.1 million TEU in 2017.

Hutchison Delta Ports Limited ("Delta Ports"). Delta Ports, a wholly-owned subsidiary of Hutchison Ports, manages Hutchison Ports' existing interests in river and coastal ports in the Mainland and invests in, develops and operates new river and coastal ports in the Mainland in conjunction with local government entities as its joint venture partners. Delta Ports currently operates and manages joint venture facilities in Nanhai, Jiangmen, Shantou and Xiamen of which Hutchison Ports' economic interest in the two River Ports (Jiangmen International Container Terminals and Nanhai International Container Terminals) were assigned to HPH Trust prior to its IPO, but Hutchison Ports retains the legal interest in these operations. Except for Shantou and Xiamen, these joint venture facilities are 50%-owned by Hutchison Ports. The Shantou port is 70%-owned by Hutchison Ports and the Xiamen port is 49%-owned by Hutchison Ports.

Delta Ports also managed 50%-owned joint venture facilities in Jiuzhou and Gaolan. In 2015, Hutchison Ports divested its entire interests in these operations.

Nanhai, Jiangmen, Shantou and Xiamen handled a total of 2.1 million TEU and 52,700 tonnes of non-containerised cargo in 2016 and 2.1 million TEU and 88,600 tonnes of non-containerised cargo in 2017.

Huizhou Port Industrial Corporation Limited ("HPIC"). Hutchison Ports holds a 33.59% interest in HPIC. HPIC, located at Quanwan Port zone in the Daya Bay Economic and Technological Development Zone of Huizhou, is a multi-purpose facility that mainly handles non-containerised goods such as refined oil and cement.

In 2016, HPIC handled 8.8 million tonnes of oil and other non-containerised cargo. In 2017, HPIC handled 10.5 million tonnes of oil and other non-containerised cargo.

River Trade Terminal Co. Ltd. ("RTT"). Hutchison Ports has a 50% equity interest in RTT, which handles and consolidates container and break-bulk cargo originating from southern China river ports prior to dispatch to Kwai Tsing, Hong Kong. RTT handled throughput of approximately 0.9 million TEU in 2016 and 1.0 million TEU in 2017.

Ports in Europe

The Netherlands, Germany and Belgium

Europe Container Terminals. Hutchison Ports has a 93.5% equity interest in ECT in Rotterdam, the Netherlands. Through ECT, Hutchison Ports has an 89.37% equity interest in ECT Delta Terminal B.V. and a 60.78% equity interest in Euromax Terminal Rotterdam B.V. ("ETR") in Rotterdam, the Netherlands. ECT is one of the largest container operators in Europe in terms of container throughput, operating two deep-sea terminals with 11 container berths. ECT also has equity interests in inland facilities in the ports of Venlo and Moerdijk in the Netherlands, Duisburg in Germany and Willebroek in Belgium. In September 2016, ECT sold 35% equity interest in ETR to COSCO SHIPPING Ports Limited and Hutchison Ports reduced its interest in ETR from 93.5% to 60.78%.

The following table summarises the combined container throughput with respect to ECT:

The Netherlands, Germany and Belgium Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	6,098.8	5,976.9
Transshipment	<u>2,755.2</u>	<u>2,815.7</u>
Total.	<u>8,854.0</u>	<u>8,792.6</u>

Amsterdam Container Terminals. In December 2017, Hutchison Ports acquired the remaining 29.92% interest in ACT in Amsterdam from Nippon Yusen Kabushiki Kaisha and now has a 100% equity interest in ACT which comprises three berths with a total length of 1,015 metres. The operation is currently engaged in general and project cargoes.

TMA Logistics. In December 2017, Hutchison Ports acquired a 50% equity interest in TMA Logistics B.V., which handles general cargo, project cargo and short-sea container traffic together with warehousing, transport and agency operations.

UK

CKHH's UK port operations consist of PFL, LTP and HWH with 13 container berths. CKHH's UK ports handled 4.2 million TEU in 2016 and 4.3 million TEU in 2017. PFL and LTP together handled approximately 41% of the UK container throughput in 2017.

Port of Felixstowe Limited. Hutchison Ports has a 100% equity interest in PFL, the largest container facility in the UK. PFL's terminals include: Trinity, which can berth seven deep-sea container ships at any one time and Dooley, primarily a roll-on/roll-off facility. The 920-metre deep water berths 8 and 9 was extended in 2015 and can handle two of the largest container ships afloat concurrently.

Thamesport (London) Limited. Hutchison Ports has an 80% equity interest in LTP in the UK. LTP is a container and general cargo terminal on the Thames estuary 35 miles from London.

Harwich International (Holdings) Limited. Hutchison Ports has a 100% equity interest in HWH, which is situated one mile from PFL on the opposite side of the Harwich Haven estuary. It has strong links with Northern Europe, particularly through regular passenger and freight roll-on/roll-off services and cruise vessels. It also handles liquid bulk and agricultural products.

The following table summarises the combined container throughput with respect to PFL and LTP:

UK Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	3,748.4	3,870.6
Transshipment	<u>401.7</u>	<u>413.8</u>
Total.	<u>4,150.1</u>	<u>4,284.4</u>

Spain

Barcelona Europe South Terminal. Hutchison Ports has a 100% equity interest in BEST, which has a 45-year concession, extendable to 50 years, at the Port of Barcelona, Spain. The semi-automated terminal at BEST has a quay length of 1,500 metres. BEST handled 1.2 million TEU in 2016 and 1.8 million TEU in 2017.

Poland

Gdynia Container Terminal. The Port of Gdynia is located on the southern coast of the Baltic Sea, where approximately 95% of Polish sea-borne containerised cargo is handled. Hutchison Ports increased its interest in GCT at the Port of Gdynia from 99.15% to 99.57% in June 2017 and further increased its interest to 100% in July 2017. GCT handled 320,800 TEU in 2016 and 344,600 TEU in 2017.

Sweden

Container Terminal Frihamnen. Hutchison Ports holds the right to operate CTF for 11 years from 1 March 2009 until 31 December 2020. In February 2017, Hutchison Ports signed an agreement with Ports of Stockholm to develop and operate new container-handling facilities at the Port of Nynäshamn, Norvikudden, approximately 60 kilometres south of Stockholm, under a 25-year concession, extendable to 30 years. The right to operate CTF will terminate early if the new facilities are completed before 31 December 2020. CTF handled 54,000 TEU in 2016 and 60,200 TEU in 2017.

Ports in Asia, Australia and others

Malaysia

Westports Malaysia. Westports Holdings Berhad ("Westports"), Hutchison Ports' 23.55% listed associate, is listed on the Malaysia Stock Exchange. Westports is the holding company of KMT at Port Klang, Malaysia. KMT is an integrated terminal situated at Port Klang. It offers container-handling services, with the capability of also handling dry bulk, liquid bulk and other conventional cargo. KMT has 20 container berths and handled 9.9 million TEU in 2016 and 9.0 million TEU in 2017. Container Terminals 8 and 9 were fully operational during 2017.

Indonesia

Jakarta International Container Terminal. Hutchison Ports has a 49% economic interest in JICT, located at Tanjung Priok Port in Jakarta. JICT is the largest terminal port operator in Indonesia with seven container berths. JICT completed its final phase of the expansion programme in November 2016, which has shortened the gate transaction time, and is delivering improved service levels to its customers.

Terminal Petikemas Koja. Hutchison Ports has an effective 45.09% interest in KOJA at Tanjung Priok Port in Jakarta. KOJA is adjacent to JICT and has three container berths. The expansion programme at KOJA has been completed. As a result of the investments associated with this expansion programme, KOJA increased its capacity to approximately 1 million TEU.

In 2014, Hutchison Ports signed conditional agreements for 20-year extensions to the concessions of JICT and KOJA. The agreements became effective on 6 July 2015 following approval from the Indonesian Government.

The following table summarises JICT's and KOJA's container throughput:

Indonesia Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	2,821.9	2,538.0
Transshipment	150.2	166.7
Total.	<u>2,972.1</u>	<u>2,704.7</u>

South Korea

Hutchison Korea Terminals. Hutchison Ports operates a five-berth deep-water container terminal in Busan, the world's sixth largest container port in terms of throughput in 2017.

Korea International Terminals. Hutchison Ports has an equity interest of 88.9% in KIT. KIT is located at the Gwangyang Port Phase II in South Korea with a total of four berths.

The combined throughput handled by HKT and KIT in South Korea was 2.7 million TEU in 2016 and 2.9 million TEU in 2017.

Thailand

Thai Laemchabang Terminal. Hutchison Ports has an 87.5% interest in TLT, which owns a multi-purpose facility with two container berths. The terminal is located at Laem Chabang Port on the Gulf of Thailand, which is 100 kilometres from Bangkok and 25 kilometres from Pattaya.

Hutchison Laemchabang Terminal. Hutchison Ports has an 80% interest in HLT. CKHH has construction, management and operation rights over an 11-berth facility and 141 hectares of land in Laem Chabang port for 30 years, with an option to renew for two further 10-year periods. Three of the total six terminals are currently in operation with the remaining terminals expected to commence operations in phases.

The terminals in Laem Chabang handled combined throughput of 2.4 million TEU in 2016 and 2.8 million TEU in 2017.

Pakistan

Karachi International Container Terminal. Hutchison Ports has a 100% equity interest in KICT, which is one of the container terminal operators at the Port of Karachi in Pakistan. KICT operates three container berths.

South Asia Pakistan Terminals. Hutchison Ports has a 90% equity interest in SAPT, a new port with a concession period of 25 years, extendable for another 25 years. Operation of the first and second berth of phase one commenced in the fourth quarter of 2016 and in May 2017 respectively. SAPT is situated at the estuary of the Keamari Groyne basin and the new terminal provides convenient access to ships entering Karachi. Upon full completion of the terminal construction, SAPT will have four berths with a total quay length of 1,500 metres, a yard area of up to 85 hectares and depth alongside up to 18 metres.

The terminals in Pakistan handled combined throughput of 1.1 million TEU in 2016 and 1.5 million TEU in 2017.

Vietnam

Saigon International Terminals Vietnam. Hutchison Ports has a 70% interest in SITV. SITV is located approximately 55 kilometres from the Ho Chi Minh City hinterland in Vietnam. It is a modern container terminal situated close to the manufacturing centres in the Ba Ria Vung Tau Province.

Myanmar

Myanmar International Terminals Thilawa. Hutchison Ports has a 100% interest in MITT which has a long-term concession to operate a five berth general cargo and container port facility. The terminal is located 25 kilometres from Yangon, the largest city in Myanmar and the country's international trade portal.

Australia

Brisbane Container Terminals. Hutchison Ports has a 100% equity interest in BCT which operates a container terminal at Berths 11 and 12 in the Port of Brisbane, Queensland, Australia.

Sydney International Container Terminals. Hutchison Ports has a 100% equity interest in SICTL which operates the third container terminal at Port Botany, New South Wales, Australia.

The terminals in Australia handled a combined throughput of 292,000 TEU in 2016 and 527,600 TEU in 2017.

Saudi Arabia

International Ports Services. Hutchison Ports has a 51% interest in IPS, which operates a seven container berths and four multi-purpose berths deep-water facility capable of handling containers, roll-on/roll-off cargo and weak-bulk refrigerated cargo at King Abdul Aziz Ports, Dammam, in Saudi Arabia. IPS handled 1.4 million TEU in 2016 and 1.1 million TEU in 2017. IPS current concession will expire in 2019.

Egypt

Alexandria International Container Terminals. Hutchison Ports has an 80.33% interest in two terminals at Ports of Alexandria and El Dekheila on the Mediterranean Sea. The equity shareholding was increased from 50% to 80.33% following the acquisition of a 30.33% interest in February 2016. AICT handled 714,300 TEU in 2016 and 747,000 TEU in 2017.

Oman

Oman International Container Terminal. Hutchison Ports has a 65% interest in a container terminal in the Port of Sohar. The Port of Sohar is located outside the Strait of Hormuz in the Gulf of Oman, approximately 200 kilometres from Muscat and 160 kilometres from Dubai. OICT handled 626,200 TEU in 2016 and 844,600 TEU in 2017. OICT operates Terminal C with a quay length of 970 metres and a depth alongside of 18 metres.

UAE

Hutchison Ajman International Terminals. CKHH was granted a 10-year concession period to develop and operate Ajman Port in the UAE. HAJT is located 25 kilometres from Dubai and 10 kilometres from Sharjah, where most of the UAE's manufacturing and trading companies are located. The main container and general cargo berths of the terminal have a total quay length of 1,250 metres and a yard area of 12.9 hectares. HAJT handled 162,600 TEU in 2016 and 166,500 TEU in 2017.

Hutchison Ports RAK. Hutchison Ports has a 60% equity interest in RAK. In October 2017, CKHH was granted a 25-year concession period to operate at Saqr Port in Ras Al Khaimah of the UAE, located in close proximity to the RAK Maritime City Free Zone and the industrial zones of Al Hamra and Al Ghail. Currently, it has a quay length of 815 metres and a yard area of 20 hectares.

Hutchison Ports UAQ. Hutchison Ports has a 60% equity interest in UAQ. In December 2017, CKHH was granted a concession to operate in Umm Al Quwain of the UAE. Currently, it has a quay length of 845 metres and a yard area of 23 hectares.

Iraq

NAWAH for Ports Management LLC. In July 2017, Hutchison Ports acquired 51% interest in a container terminal in the Port of Basra, an existing port with a concession of 15 years, extendable for 10 years based on mutual agreement with Port Authority. The Port of Basra is located in downtown Basra City, Iraq, on the banks of Shatt Al Arab River. Currently, it has a quay length of 158 metres and a yard area of 2 hectares.

Mexico

CKHH's Mexico port operations consist of operations in Veracruz, Lazaro Cardenas, Ensenada and Manzanillo.

Internacional de Contenedores Asociados de Veracruz. Hutchison Ports has a 100% equity interest in ICAVE, which is located at the Port of Veracruz on the east coast of Mexico. In addition to facilities for handling containers, ICAVE is equipped with a container freight station, intermodal station, and empty container depot and external storage and repair facilities. In April 2016, ICAVE was granted a 20-year extension of the current concession for the relocation of ICAVE's current terminal facilities to the new port of Veracruz, on the east coast of Mexico.

Lazaro Cardenas Terminal Portuaria de Contenedores ("LCT"). Hutchison Ports has a 100% interest in LCT, which is located in the State of Michoacan, on the Pacific coast of Mexico. Phase I & II of the new terminal development has a total quay length of 930 metres.

Lazaro Cardenas Multipurpose Terminal ("LCMT"). Hutchison Ports has a 100% interest in a multi-purpose terminal, LCMT at the Port of Lazaro Cardenas for a concession period of 20 years. It has a total area of 20 hectares, a 286-metre berth with depth alongside of 14 metres.

Ensenada International Terminal ("EIT"). Hutchison Ports has a 100% equity interest in EIT, located 110 kilometres south of the U.S.-Mexico border along the Pacific Ocean. EIT is a multi-use terminal oriented to manage containers and bulk goods.

The following table summarises the combined container throughput with respect to the Mexico operations:

Mexico Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	1,944.8	1,854.1
Transshipment	278.2	245.9
Total.	<u>2,223.0</u>	<u>2,100.0</u>

Argentina

Buenos Aires Container Terminal Services. Hutchison Ports has a 100% equity interest in BACTSSA, which is located at Terminal 5 at the Port of Buenos Aires, Argentina. BACTSSA handled 193,400 TEU in 2016 and 211,500 TEU in 2017. In February 2016, BACTSSA was awarded a new 4-year concession which will expire in May 2020.

The Bahamas

Freeport Container Port. Hutchison Ports has a 51% interest in FCP on Grand Bahama Island in the Bahamas serving as a transshipment hub for the eastern seaboard of the U.S. and the east/west line haul routes through the region. The facility has more than 1,000 metres of quay and 49 hectares of container yard. FCP handled 1.2 million TEU in 2016 and 0.9 million TEU in 2017.

Panama

Panama Ports Company. Hutchison Ports has a 90% interest in Panama Ports Company, which operates the ports of Balboa on the Pacific Ocean side and Cristobal on the Atlantic Ocean side of the Panama Canal, under a long-term concession agreement and has created a modern post-Panamax transshipment facility with 10 container berths. The ports of Cristobal and Balboa provide the link and strategic access for the transatlantic and transpacific trades to the east and west coasts of the Americas. In addition, Balboa is strategically located to participate in the transshipment trade between Asia, the west coast of the U.S., and the west and east coasts of Central and South America and the Caribbean.

The following table summarises Panama's container throughput:

Panama Container Throughput

	Year Ended 31 December 2016	Year Ended 31 December 2017
	in thousands of TEU	in thousands of TEU
Local	328.0	327.5
Transshipment	3,297.8	3,888.8
Total.	<u>3,625.8</u>	<u>4,216.3</u>

Tanzania

Tanzania International Container Terminal Services. In August 2015, Hutchison Ports decreased its shareholding from 70% to 66.5% in TICT, which is located at Dar es Salaam. TICT has a total quay length of 725 metres and a yard area of 14 hectares. TICT handled 480,200 TEU in 2016 and 501,700 TEU in 2017.

Port Related Services

Hutchison Ports owns 50% interest in Hongkong United Dockyards Limited ("HUD"). HUD provides both marine and general engineering services from its Tsing Yi facility which includes a floating dry-dock and workshops complex. In addition to ship maintenance and repair, HUD is a contractor for steel fabrication, mechanical and electrical engineering. HUD is the largest tug operator in Hong Kong,

deploying 13 tugs. The operation provides services including harbour towage, off-shore towage, salvage, as well as tug design, new building, supervision and project consultancy. It also operates six vessels on long-term contracts for maritime transportation of refuse for the Hong Kong Government. HUD also has a structural steel cut and bend facility on the premises.

Hutchison Ports has a 50% interest in Freeport Harbour Company ("FHC"), a major cruise ship passenger terminal on Grand Bahama Island in the Bahamas. FHC also holds a 100% interest in The Grand Bahama Airport Company, which operates the international airport on the island.

Hutchison Ports has a 100% equity interest in Ensenada Cruiseport Village ("ECV") in Mexico, which is an important international port for worldwide and Pacific Coast cruise ships. ECV also has marina facilities.

Hutchison Ports has a 100% equity interest in Terminal Internacional de Manzanillo ("TIMSA"). TIMSA is a multi-purpose stevedoring operation, which provides services at the Port of Manzanillo, Mexico. The port is strategically situated along the west coast of Mexico and is connected to major trade routes linking the Americas and Asia.

Hutchison Ports has a 100% equity interest in Talleres Navales del Golfo in Mexico, which provides maintenance, technical support, conservation and repair services to vessels, platforms and other kinds of maritime structures.

Hutchison Ports has a 96.7% equity interest in Terminal Intermodal Logistica de Hidalgo ("TILH"), which operates an intermodal terminal in the Mexican State of Hidalgo, strategically situated near Mexico City.

Hutchison Ports has a 20.83% interest in Hong Kong Air Cargo Terminals Ltd ("HACTL") in Hong Kong, which provides air cargo handling services to airlines at Hong Kong International Airport.

HPH Trust has a 100% interest in Asia Port Services ("APS"), which is one of the largest mid-stream operators in Hong Kong. APS operates five barge berths.

HPH Trust has a 77.7% interest in Shenzhen Hutchison Inland Container Depots Co., Ltd., which operates a container depot and warehousing facilities in Shenzhen in the Mainland to provide logistics services, including cargo consolidation, storage and distribution, quality inspection, warehousing, container storage and repair, transportation and other related services. This facility serves to enhance container traffic through Yantian Port.

Retail

CKHH's strategy in its retail operation is to continue to build on its portfolio, through a policy of carefully managed growth, while tightly controlling costs. CKHH believes that it can leverage the retail expertise gained to expand and grow its retail operations. As customers become increasingly cost and quality conscious, CKHH strives to provide customers with quality products at competitive prices. Presently, CKHH operates retail businesses across 24 markets, predominantly in Europe, Hong Kong, the Mainland and other markets in Asia. CKHH believes that significant benefits flow from the economies of scale inherent in operating a global retail organisation. All A.S. Watson's retail stores are rented, preserving the operational flexibility of the division. Currently, CKHH's interest in A.S. Watson is 75.05%.

All the numbers of stores quoted in the following paragraphs are as of 31 December 2017 unless otherwise specified.

Health & Beauty China

Watsons China is the leading retailers of health and beauty products in the Mainland with 3,271 stores.

Health & Beauty Asia

The Watsons business is the leading retailer of health and beauty products in Asia with strong brand name recognition and extensive geographical coverage with 550 stores in Taiwan, 449 in Malaysia, 623 in the Philippines, 227 in Hong Kong and Macau, 467 in Thailand, 106 in Singapore, 80 in Indonesia and 328 in Turkey.

Health & Beauty Western Europe

A.S. Watson owns 7 leading retail chains (Kruidvat, Trekpleister, Rossmann, Superdrug, Savers, The Perfume Shop, and ICI Paris XL) with 5,345 stores in Western Europe.

A.S. Watson owns Superdrug and Savers in the UK and Ireland. Superdrug is one of the UK's leading health & beauty retailers operating 804 stores. Savers, a chain of discount health and beauty stores in the UK, has 411 stores. The company also owns a specialty perfumery retailer, The Perfume Shop in the UK and Ireland, which comprises 259 perfumery stores in the UK and Ireland.

ICI Paris XL is another leading perfumery chain in Europe with 279 stores in the Netherlands, Belgium, Luxembourg and Germany.

A.S. Watson also owns 3 leading retail chains (Kruidvat, Trekpleister and Rossmann) with 3,592 stores in Western Europe.

Health & Beauty Eastern Europe

A.S. Watson owns 4 leading retail chains (Rossmann, Drogas, Watsons and Spektr) with 2,222 stores in 7 countries (Poland, Hungary, Czech Republic, Latvia, Lithuania, Russia and Ukraine) in Eastern Europe.

Other Retail

PARKnSHOP is a leading supermarket chain with 285 locations in Hong Kong and Macau. It is one of the market leaders in Hong Kong and has further expanded its offerings into the higher end food retailing market through branded store formats. In the Southern part of the Mainland, PARKnSHOP operates supermarkets, selling fresh food, general merchandise and household products. As of 31 December, there were 55 PARKnSHOP stores in the Mainland, primarily in the Southern region.

Fortress is one of the leading retailers of consumer electronics and electrical appliances in Hong Kong. The chain of 85 Fortress stores throughout Hong Kong and Macau offers a wide range of products and after-sales product services.

Watson's Wine is one of the leading Hong Kong wine retailers with 30 outlets in Hong Kong and Macau and 1 outlet in the Mainland.

The manufacturing division of A.S. Watson manufactures and distributes local and international branded drinking water, juices and other beverages in both Hong Kong and the Mainland.

A.S. Watson's "Watsons" brand is one of the leading brands of drinking water in Hong Kong. A.S. Watson's water business continues to develop in the Mainland, with strong sales in the Southern region, Shanghai and Beijing. "Mr. Juicy" is one of the best-selling brands of fruit juice in Hong Kong and is also increasingly distributed throughout the Southern Mainland.

Infrastructure

CKI

CKHH's current interest in CKI, a subsidiary listed on the SEHK, is 75.67%⁽¹⁾. Based on the closing price of its shares on SEHK on 31 December 2017, CKI had a market capitalisation of approximately HK\$177,993 million (approximately US\$22,820 million) and became one of the Hang Seng Index constituents on 14 March 2016.

CKI looks for projects with strong economic fundamentals and prefers to invest in operational projects or in projects that are already under construction in order to benefit from immediate or imminent cashflow and to reduce project development risks. CKI's objective is to obtain a relatively secure investment return from its infrastructure businesses by ensuring a stable minimum financial return, with the potential for participation in excess profits. In addition, it has focused on diversification and globalisation initiatives and will continue to pursue opportunities when they arise.

Certain regulated operations of CKI's investments are subject to price control by regulatory authorities. The relevant regulatory authorities will reset the price control terms for certain projects in accordance with predetermined schedules.

⁽¹⁾ Based on CKHH's profit sharing ratio in CKI.

The following table summarises certain information with respect to CKI:

CK Infrastructure Holdings Limited

	Year Ended/As of 31 December 2016	Year Ended/As of 31 December 2017
Profit attributable to shareholders	HK\$9,636 million	HK\$10,256 million
Earnings per share	HK\$3.82	HK\$4.07
Dividend per share	HK\$2.26	HK\$2.38
Equity attributable to shareholders of CKI — shareholders' funds	HK\$96,605 million	HK\$103,473 million
Net debt	HK\$5,055 million	HK\$25,255 million
Net debt to net capital ratio	4.5%	17.6%

In Hong Kong, CKI has reduced its interest in Power Assets, a listed associate in Hong Kong from 38.87% to 38.01% during 2017.

Power Assets Holdings Limited

Power Assets is listed on the SEHK. Based on the closing price of its shares on SEHK on 31 December 2017, Power Assets had a market capitalisation of approximately HK\$140,755 million (approximately US\$18,046 million). Power Assets completed the separate listing of its Hong Kong electricity business by way of the listing of the share stapled units jointly issued by HKEI on the Main Board of the SEHK on 29 January 2014. Power Assets currently holds 33.37% of HKEI which became an associated company of Power Assets following its separate listing. HKEI's wholly-owned subsidiary, Hongkong Electric, generates, transmits, distributes and is the sole provider of electricity to Hong Kong Island and Lamma Island. Currently, Hongkong Electric supplies electricity to over half a million customers. Total unit sales in 2017 were 10,615 million kWh, a 1.6% decrease from the 10,792 million kWh sold in 2016.

The operations of Hongkong Electric are subject to the Scheme of Control Agreement ("SOC") with the Hong Kong Government.

In April 2017, Hongkong Electric signed a SOC with the Hong Kong Government for a period of 15 years commencing 1 January 2019. The agreement provides for a 8% permitted rate of return on average net fixed assets.

Power Assets indirectly holds a 45% interest in three power plants in the Mainland including Zhuhai Power Plant in Zhuhai City, the neighbouring Jinwan Power Plant and Siping Cogen Power Plants in the Jilin Province.

Power Assets also holds 45% interests in two wind farms, one 48 MW farm in Dali, Yunnan Province and one 49.5 MW farm in Laoting, Hebei Province.

Power Assets has a 25% interest, through an associate company, Ratchaburi Power Company Limited, which owns and operates a 1,400 MW gas-fired power plant project located in Ratchaburi Province, Thailand.

Power Assets also holds interests in the following operations:

- 40% interest in UK Power Networks (CKI's direct interest: 40%);
- 41.29% interest in Northern Gas Networks (CKI's direct interest: 47.06%);
- 30% interest in Wales & West Utilities (CKI's direct interest: 30%);
- 25% interest in Seabank Power (CKI's direct interest: 25%);
- 27.93% in each of SA Power Networks, Powercor and CitiPower (CKI's direct interest in each: 23.07%);
- 20% interest in Dutch Enviro Energy in the Netherlands (CKI's direct interest: 35%);
- 50% interest in Portugal Renewable Energy (CKI's direct interest: 50%);
- 27.51% interest in AGN (CKI's direct interest: 44.97%);
- 50% interest in Australian Energy Operations Pty Ltd (CKI's direct interest: 50%);

- 20% interest in DUET Group (CKI's direct interest: 40%);
- 50% interest in Wellington Electricity (CKI's direct interest: 50%);
- 50% interest in Canadian Power (CKI's direct interest: 50%); and
- 48.75% interest in HMLP (CKI's direct interest: 16.25%).

Power Assets may pursue other international investment opportunities on a selective basis including equity investments in infrastructure assets and, where appropriate, participating in partnership with CKI.

The following table summarises certain information with respect to Power Assets:

Power Assets Holdings Limited

	Year Ended/ As of 31 December 2016	Year Ended/ As of 31 December 2017
Profit attributable to shareholders	HK\$6,417 million	HK\$8,319 million
Earnings per share	HK\$3.01	HK\$3.90
	HK\$7.72 include a one-off special	HK\$16.30 include one-off special
Dividend per share	dividend HK\$5.00	dividends HK\$13.50
Net cash	HK\$53,196 million	HK\$18,184 million

Australian Projects

CKI, together with Power Assets, owns a 51% interest (CKI: 23.07%; Power Assets: 27.93%) in:

- SA Power Networks, the owner and manager of South Australia's primary electricity distributor, which delivers electricity to more than 865,000 residential and business customers. The network has a route length of over 89,000 kilometres including over 400 zone substations, 75,000 transformers and 745,000 poles;
- Powercor, the owner and manager of the largest electricity distributors in Victoria, Australia, which delivers electricity to more than 794,000 customers in central and western Victoria and Melbourne's outer western suburbs; and
- CitiPower, the owner and manager of the electricity distribution network servicing Melbourne's central business district and inner suburbs. The CitiPower network covers 157 square kilometres and includes distribution to the headquarters of some of Australia's largest companies and most important cultural and sporting icons, such as the Melbourne Cricket Ground, Melbourne Park and the Victorian Arts Centre.

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Australian Energy Operations Pty Ltd (previously known as Transmission General Holdings (Australia) Pty Ltd) which wholly owns TOA and TOA2. Both TOA and TOA2 own and operate electricity transmission assets that connect wind turbines to the Victorian power grid. TOA connects the Mt Mercer Wind Farm, located approximately 30 kilometres south of Ballarat, to the grid and TOA2 connects the Ararat Wind Farm, located approximately 180 kilometres northwest of Melbourne and between 9 kilometres to 17 kilometres northeast of Ararat in Victoria, to the grid.

CKI, together with Power Assets, owns a 72.48% interest (CKI: 44.97%; Power Assets: 27.51%) in AGN, one of the largest natural gas distribution companies in Australia with approximately 25,000 kilometres of natural gas distribution networks and 1,100 kilometres of transmission pipelines serving over 1.3 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory. CKHH holds a 27.51% direct interest in AGN. Including this direct interest, CKHH holds an effective 69.45% interest in AGN.

CKI, together with Power Assets, owns a 60% interest (CKI: 40%; Power Assets: 20%) in DUET Group, international owner and operator of energy utility assets, providing low emissions and remote energy generation solutions, gas transmission through the Dampier Bunbury Pipeline in Western Australia and distribution of gas and electricity in Victoria. DUET Group is also an operator of energy utility assets in the U.S., Canada and the UK.

Spark Infrastructure Group

CKI previously held a 6.73% interest in Spark Infrastructure Group, a stapled group listed on the Australian Securities Exchange, which holds investments in the Australian joint ventures, SA Power Networks, Powercor and CitiPower. This investment was fully disposed of in June 2016.

UK Projects

UK Power Networks Holdings Limited

CKI and Power Assets each currently hold a 40% interest in UK Power Networks, which comprises three regional networks with a distribution area that covers London, the South East of England and the East of England. These networks serve approximately 8.2 million customers and provide approximately 30% of the electrical power in the UK. In addition, UK Power Networks' businesses include a non-regulated business comprising the distribution of electricity to a number of privately owned sites.

Northumbrian Water Group

CKI holds a 40% interest in Northumbrian Water. Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales and operates in the water supply, sewerage and waste water industries in England and Wales. Northumbrian Water provides water and sewerage services to approximately 2.7 million people in the North East and South East of England and water services to approximately 1.8 million people in the South East of England. In addition, Northumbrian Water's operations include a business comprising Kielder Reservoir, the largest man-made reservoir in Northern Europe, as well as a portfolio of long term water and waste water contracts. CKHH also holds a 40% direct interest in Northumbrian Water. Including this direct interest, CKHH has an effective 70.27% interest in Northumbrian Water.

Northern Gas Networks Holdings Limited

CKI and Power Assets currently own a 47.06% and a 41.29% interest respectively in Northern Gas. The region served by Northern Gas extends south from the Scottish border to South Yorkshire and has coastlines on both the east and west sides of the region. The region contains a mixture of large cities (Newcastle, Sunderland, Leeds, Hull and Bradford) and a significant rural area including North Yorkshire and Cumbria, and provides services to a population of approximately 6.7 million.

Wales & West Utilities

CKI and Power Assets each currently holds a 30% interest in Wales & West Utilities, which is principally engaged in the management of gas transportation assets, gas distribution and meter work services throughout Wales and the South West of England. Wales & West Utilities provides service to a population of 7.5 million and the network covers an area of 42,000 square kilometres. The total length of main gas pipeline is about 35,000 kilometres. CKHH also holds 30% direct interest in Wales & West Utilities. Including these direct interests, CKHH holds an effective 61.33% interest in Wales & West Utilities.

UK Rails

CKI holds a 50% interest in UK Rails, which in turn owns Eversholt Rail Group, one of the three major rolling stock leasing companies in the UK. UK Rails offers a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, to passenger and freight train operating companies. CKHH also holds a 50% direct interest in UK Rails. Including this direct interest, CKHH holds an effective 87.84% interest in UK Rails.

Seabank Power Limited

CKI, together with Power Assets, owns a 50% interest in Seabank Power, which owns and operates Seabank Power Station, which is located near Bristol, England and comprises two combined cycle gas turbine generating units with an aggregate capacity of approximately 1,150 MW.

Southern Water Group

CKI holds a 4.75% interest in Southern Water which is a regulated business which supplies fresh, quality drinking water to more than 2.5 million customers, as well as treating and recycling waste water from 4.6 million customers in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight.

Other European Projects

Dutch Enviro Energy Holdings B.V.

CKI, Power Assets, together with CKHH hold respective shareholdings of 35%, 20% and 35% in Dutch Enviro Energy, which in turn owns AVR. AVR is principally engaged in the business of waste processing and production and supply of renewable energy from the incineration of waste in the Netherlands. CKHH has an effective 67.24% interest in Dutch Enviro Energy.

Portugal Renewable Energy

CKI, together with Power Assets owns a 100% interest (on a 50/50 basis) in Portugal Renewable Energy, which in turn owns a 100% interest in Iberwind. Iberwind is principally engaged in the business of electricity generation from wind power in Portugal. Its portfolio comprises 31 wind farms with a power generation capacity of 726 MW.

ista

CKI holds a 35% interest in ista, a fully integrated energy management services provider which provides submetering services across 24 countries and over 12 million homes.

Canadian Projects

Canadian Power Holdings Inc.

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Canadian Power, which owns a 100% partnership interest in the Meridian Cogeneration Plant and a 49.99% partnership interest in TransAlta Cogeneration, L.P.. The Meridian Cogeneration Plant is a natural gas-fired cogeneration plant with an installed capacity of 220 MW in Saskatchewan, Canada. TransAlta Cogeneration, L.P. owns interests in four natural-gas fired cogeneration plants in Alberta, Canada and Ontario, Canada and a coal-fired generation plant in Alberta, Canada. TransAlta Cogeneration, L.P. has a total installed capacity of 1,162MW.

Park'N Fly

CKI holds a 50% interest in Park'N Fly, an off-airport car park business in Toronto, Montreal, Ottawa, Edmonton, Vancouver and Winnipeg. CKHH holds a 50% direct interest in Park'N Fly. Including this direct interest, CKHH holds an effective 87.84% interest in Park'N Fly.

Husky Midstream Limited Partnership

CKI, together with Power Assets, owns 65% interest (CKI: 16.25%; Power Assets: 48.75%) in HMLP, which holds a portfolio of oil pipeline assets in Canada including approximately 1,900 kilometres of oil pipeline across the provinces of Alberta and Saskatchewan and oil storage capacity of 4.1 million barrels between Hardisty and Lloydminster.

Reliance

CKI holds a 25% interest in Reliance, building equipment services sector providing water heaters, HVAC equipment, comfort protection plans and other services to homeowners in Canada and the United States, serving more than 1.8 million customers.

New Zealand Projects

Wellington Electricity Distribution Network

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Wellington Electricity, which supplies electricity to the city of Wellington, the capital of New Zealand. The distribution network extends to the Porirua and Hutt Valley regions of New Zealand and has a system length of over 4,700 kilometres.

Enviro (NZ) Limited

CKI holds a 100% interest of EnviroNZ, a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to more than half a million commercial and household customers via collection services, recycling, landfills and transfer stations across the country.

Mainland Projects

Power Plants

Through Power Assets, CKI has interests in power projects with an aggregate design capacity of 2,800 MW in the Mainland. The following table summarises certain information with respect to these power projects as of 31 December 2017.

Business	Business Scale	Power Assets' Interest ⁽¹⁾	Commencement Date of Operations	Expiration Date
Siping Cogen Power Plants	Three units of coal-fired heat and electricity cogeneration plants with a total installed capacity of 200 MW	45.0%	1998-1999 ⁽²⁾	2019
Zhuhai Power Plant	Two units of coal-fired power plants with a total installed capacity of 1,400 MW	45.0%	April 2000 ⁽³⁾ February 2001 ⁽³⁾	2019
Jinwan Phase 1 Power Plant . . .	Two units of coal-fired power plants with a total installed capacity of 1,200 MW	45.0%	February 2007	2035

⁽¹⁾ This represents the approximate share of Power Assets' contribution to the total investment of each project in the form of registered capital contribution as of 31 December 2017. It does not necessarily represent either the profit distribution ratio or the ratio of the distribution of assets upon the termination or expiration of the joint venture.

⁽²⁾ Two units of the power plant were completed and became operational in 1998. The remaining unit was completed and became operational at the end of 1999.

⁽³⁾ The first generating unit became operational in April 2000 and the second generating unit became operational in February 2001.

Wind Farms

Through Power Assets' 45% interests, CKI has interests in two wind farms, one 48 MW farm in Dali, Yunnan Province and one 49.5 MW farm in Laoting, Hebei Province.

Roads and Bridges in the Mainland

As of 31 December 2017, CKI had interests in various projects with a total length of 240 kilometres of toll roads and 12.8 kilometres of toll bridges in the Mainland.

The following table summarises certain information with respect to CKI's transportation projects in the Mainland as of 31 December 2017:

CKI's Transportation Projects

Business	Business Scale (kilometres "km")	CKI's Interest ⁽¹⁾ %	Commencement Date of Operation	Expiration Date
Shantou Bay Bridge	2.5 km toll bridge ⁽²⁾	30.0	December 1995	2028
Shenzhen-Shantou Highway (Eastern Section)	140.0 km toll road	33.5	November 1996	2028
Jiangmen Chaolian Bridge . .	2.0 km toll bridge	50.0	May 1999	2027
Xiangjiang Wuyilu Bridge . . .	1.5 km toll bridge	44.2	February 1998 ⁽³⁾	2022
Xiangjiang Wujialing Bridge . .	3.5 km toll bridge	44.2	February 1998 ⁽³⁾	2022
Tangshan Tangle Road	100.0 km toll road	51.0	March 1998	2019
Panyu Beidou Bridge	3.3 km toll bridge	40.0	January 2001	2024

⁽¹⁾ This represents the approximate share of CKI's contribution to the total investment of each project in the form of registered capital contribution as of 31 December 2017. It does not necessarily represent either the profit distribution ratio or the ratio of the distribution of assets upon the termination or expiration of the joint venture.

⁽²⁾ The toll bridge including the approach roads is 6.5 kilometres in length.

⁽³⁾ Date of injection of funds by CKI.

Infrastructure Materials

CKI, through Green Island Cement (Holdings) Limited (“Green Island”), Green Island International (BVI) Limited, Alliance Construction Materials Limited (“ACML”) and other subsidiaries and associates, is an integrated construction materials manufacturer involved in the production, distribution and sale of cement, concrete, asphalt and aggregates.

Cement

Green Island operates an integrated cement business, starting from resource extraction and going through development and cement manufacturing to ultimate down-stream distribution in both Hong Kong and the Mainland. In addition, Green Island is involved in the disposal of solid waste (principally fly ash) which is produced as a waste product of power generation by coal-fired power stations.

Concrete

ACML is a major producer of concrete and aggregates in Hong Kong. ACML has one quarry in operation in the Mainland with probable aggregate reserves adequate for consumption for the next decade. ACML has an annual production capacity of approximately 4 million cubic metres of concrete and 4.5 million tonnes of aggregates.

Aircraft Leasing

The aircraft leasing business, which was previously reported in this division, was disposed of in December 2016.

Energy

Husky Energy

CKHH currently holds a 40.19% interest in Husky Energy, an international integrated energy company listed on the Toronto Stock Exchange. Based on the closing price of its shares on the Toronto Stock Exchange on 31 December 2017, Husky Energy had a market capitalisation of C\$17,841 million (approximately HK\$108,473 million).

On 1 March 2018, Husky Energy announced its audited results for the year ended 31 December 2017, which showed net earnings of C\$786 million in 2017 compared to a net earnings of C\$922 million in 2016. The earnings shortfall was primarily due to the after-tax disposal gain of C\$1,456 million reported in 2016. Underlying operations, particularly in the second half of 2017 recovered strongly due to higher commodity prices and increasing contributions from higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific. Husky Energy also recognised a one-time deferred tax credit associated with the U.S. tax reform introduced in December 2017.

Husky Energy’s business is conducted predominantly through two major business segments: Upstream and Downstream.

Upstream Operations

- **Thermal Developments**

Husky Energy is building on its thermal expertise by expanding its Lloyd thermal bitumen projects, and ramping up both the Tucker Thermal Project and the Sunrise Energy Project. Husky Energy continued to advance its inventory of thermal projects in 2017. These long-life developments are being built with modular, repeatable designs and require low sustaining capital once brought online. Total bitumen production, including Lloyd thermal projects, the Tucker Thermal Project and the Sunrise Energy Project, averaged 119,100 barrels per day (“bbls/day”) in 2017.

At the Lloyd thermal projects, Husky Energy expects to bring on 60,000 bbls/day of long-life bitumen production over the next four years. Development continued at the 10,000 bbls/day Rush Lake 2 Thermal Project, with the central processing facility progressing ahead of schedule at the end of 2017, and with first bitumen expected in the first quarter of 2019.

Regulatory approval for three Lloyd thermal projects with total design capacity of 30,000 bbls/day at Dee Valley, Spruce Lake North and Spruce Lake Central was received in 2017, with first production for all three projects expected in 2020. Husky Energy also sanctioned two new 10,000 bbls/day thermal projects at Westhazel and Edam Central in November 2017, with first production for these two projects expected in the second half of 2021.

First oil was achieved at a new eight-well pad at the Tucker Thermal Project in the first quarter of 2017. In 2017, bitumen production averaged 21,900 bbls/day. Production is expected to reach 30,000 bbls/day by the end of 2018 through further development and optimisation.

At the Sunrise Energy Project, bitumen production averaged approximately 40,200 bbls/day (20,100 bbls/day Husky Energy's working interest) in 2017. The project is expected to reach its nameplate capacity of 60,000 bbls/day by the end of 2018.

- Western Canada Oil and Natural Gas Resource Plays

Western Canada continues to execute its resource play strategy to advance developments in the Spirit River (predominantly Wilrich) and Montney formations.

- Non-Thermal Developments

Husky Energy is managing the natural decline in Cold Heavy Oil Production with Sand ("CHOPS") operations with an active optimisation programme as well as using Waterflooding and Polymer injection technology.

- Asia Pacific

Asia Pacific consists of the Liwan 3-1, Liuhua 34-2 and Liuhua 29-1 fields on Block 29/26 located offshore China. The Madura Strait, offshore Indonesia, consists of the operating BD field, the MDA, MBH, MDK and MAC developments, and three additional discoveries. Husky Energy has rights to additional exploration blocks in the South China Sea, offshore Taiwan and Indonesia. Husky Energy continues to develop its fixed-price natural gas business offshore China and Indonesia, further protecting the business from commodity price instability.

The Liwan Gas Project includes the natural gas discoveries at the Liwan 3-1, Liuhua 34-2 and Liuhua 29-1 fields within the Contract Area 29/26 exploration block located in the Pearl River Mouth Basin of the South China Sea. Husky Energy has a 49% working interest in the project, and China National Offshore Oil Corporation ("CNOOC") has a 51% working interest. The initial development project of the Liwan 3-1 and Liuhua 34-2 fields was separated into deepwater and shallow water development projects, with Husky Energy acting as deepwater operator and CNOOC acting as shallow water operator. Gross production from Liwan 3-1 and Liuhua 34-2 averaged 65,900 boe/day (32,300 boe/day Husky Energy's working interest) in 2017. Production consists of gross natural gas production of 312 million cubic feet per day ("mmcf/day") and NGL production of 13,900 bbls/day. A gas sales agreement was reached for future gas production from Liuhua 29-1, the third deepwater gas field at the Liwan Gas Project. The project was sanctioned in the fourth quarter of 2017. Construction is scheduled to begin in 2018 and first production is expected in 2021.

Husky Energy's participation in the Wenchang oil field petroleum contract expired in November 2017 and is not entitled to any further production rights. Husky Energy's share of light oil production averaged 5,300 bbls/day in 2017.

Husky Energy executed the Production Sharing Contracts ("PSC") for the exploration blocks, Block 15/33 and Block 16/25 offshore China, with CNOOC in December 2015 and April 2017 respectively. Block 15/33 is located in the Pearl River Mouth Basin in the South China Sea, about 140 kilometres southeast of the Hong Kong Special Administrative Region and Block 16/25 is located in the Pearl River Mouth Basin, about 150 kilometres southeast of the Hong Kong Special Administrative Region. Husky Energy is the operator of both blocks during the exploration phase, with a working interest of 100%. In the event of a commercial discovery, CNOOC may assume a working interest of up to 51% during the development and production phase. Under the PSC, exploration cost recovery from production is to be allocated to Husky Energy. In addition, Husky Energy expects to drill two exploration wells on both Block 15/33 and 16/25 offshore China in the 2018 timeframe.

Husky Energy and its joint venture partner CPC Corporation have rights to an exploration block in the South China Sea covering approximately 7,700 square kilometres located southwest of the island of Taiwan. Husky Energy holds a 75% working interest during exploration, while CPC Corporation has the right to participate in the development programme up to a 50% interest. Husky Energy is analysing the three-dimensional seismic survey data to identify potential drilling prospects.

Husky Energy has a 40% interest in approximately 622,000 acres of the Madura Strait, located offshore East Java, in Indonesia. Progress continued on the natural gas developments in the Madura Strait Block. Total gross sales volumes from the BD Project, MDA-MBH and MDK fields are expected to be approximately 250 mmcf/day of natural gas (100 mmcf/day Husky Energy's working interest) and 6,000 bbls/day (2,400 bbls/day Husky Energy's working interest) of associated NGL once production is fully ramped up.

First gas production from the BD Project was achieved during the third quarter of 2017 and the first lifting of NGL occurred in mid-October. Gas is being sold from the onshore gas distribution facility in East Java under a fixed-price gas contract. NGL are produced and stored in the purpose built floating production, storage and offloading vessel ("FPSO"). Gross natural gas production averaged 20 mmcf/day (8 mmcf/day Husky Energy's working interest) and gross NGL production averaged 1,600 bbls/day (600 bbls/day Husky Energy's working interest) in 2017. The project is expected to ramp up in 2018 towards full sales gas rates, with a gross daily sales target of 100 mmcf/day of natural gas (40 mmcf/day Husky Energy's working interest) and 6,000 bbls/day of associated NGL (2,400 bbls/day Husky Energy's working interest).

Husky Energy holds a 100% interest in the Anugerah Block, which is located in the East Java Basin approximately 150 kilometres east of the Madura Strait. Husky Energy acquired two-dimensional and three-dimensional seismic survey data on the contract area during 2015. Results from analysis of this and other data are being evaluated to determine the potential for future drilling opportunities.

- Atlantic Region

Husky Energy's Atlantic exploration and development programme is focused in the Jeanne d'Arc Basin and the Flemish Pass. The Jeanne d'Arc Basin contains the Hibernia, Terra Nova and Hebron fields, as well as the White Rose field and satellite extensions, including North Amethyst, West White Rose and South White Rose. In the Flemish Pass Basin, Husky Energy holds a 35% non-operated working interest in each of the Bay du Nord, Bay de Verde, Baccalieu, Harpoon and Mizzen discoveries.

The White Rose field is located 354 kilometres off the coast of Newfoundland and Labrador and is approximately 48 kilometres east of the Hibernia oil field on the eastern flank of the Jeanne d'Arc Basin. Husky Energy is the operator of the White Rose field and satellite tiebacks, with a 72.5% working interest in the main field and a 68.875% working interest in satellite extensions. In the second quarter of 2017, Husky Energy and its partners announced plans to move ahead with the West White Rose Project offshore Newfoundland and Labrador which was sanctioned in May 2017. First oil is expected in 2022 with an expected ramp-up to gross peak production capacity of 75,000 bbls/day (52,500 bbls/day Husky Energy's working interest) in 2025 as development wells are drilled and brought online. During 2017, Husky Energy's working interest share of light crude oil production from North Amethyst, West White Rose satellite field and South White Rose Extension were 10,000 bbls/day, 2,000 bbls/day and 7,000 bbls/day respectively.

The Terra Nova oil field is located approximately 350 kilometres southeast of St. John's, Newfoundland and Labrador. Husky Energy has a 13% non-operated interest in the Terra Nova oil field. The Terra Nova field is divided into three distinct areas, known as the Graben, the East Flank and the Far East. During 2017, Husky Energy's working interest share of light crude oil production from the Terra Nova field was 4,000 bbls/day.

Husky Energy holds working interests ranging from 5.8% to 100% in 24 Significant Discovery Areas in the Jeanne d'Arc Basin and Flemish Pass Basin, offshore Newfoundland and Labrador, and Baffin Island. In May 2017, Husky Energy announced a new discovery at Northwest White Rose, and evaluation of results is ongoing. A potential development could leverage the SeaRose FPSO vessel, existing subsea infrastructure, and the West White Rose wellhead platform. Husky Energy has a 93.232% ownership interest in this discovery.

In the first half of 2017, Husky Energy and its partner drilled two exploration wells in the Flemish Pass that did not encounter economic quantities of hydrocarbons. Husky Energy continues to evaluate the results of recent drilling programmes in the Flemish Pass where it holds a 35% non-operated working interest in each of the Bay du Nord, Bay de Verde, Baccalieu, Harpoon and Mizzen discoveries. The Canada-Newfoundland and Labrador

Offshore Petroleum Board (“C-NLOPB”) issued a significant discovery licence for Bay du Nord in November 2017, which covers an area of 13,149 hectares. In November 2017, the C-NLOPB announced that Husky Energy was the successful bidder on a parcel of land in its 2017 land sale (50% Husky working interest). The lands cover an area of 121,453 hectares in the Jeanne d’Arc Basin and are adjacent to Husky Energy’s other exploration licences in the basin.

- **Infrastructure and Marketing**

Husky Energy is engaged in the marketing of both its own and other producers’ crude oil, natural gas, NGL, sulphur and petroleum coke production. The Infrastructure and Marketing business manages the sale and transportation of Husky Energy’s Upstream and Downstream production and third-party commodity trading volumes through access to capacity on third-party pipelines and storage facilities in both Canada and the United States. Husky Energy is able to capture differences between the two markets by utilising infrastructure capacity to deliver feedstock acquired in Canada to the U.S. market.

On 15 July 2016, Husky Energy completed the sale of 65% of its ownership interest in select midstream assets in the Lloydminster region of Alberta and Saskatchewan for gross proceeds of C\$1.69 billion in cash. The assets are held by Husky Midstream Limited Partnership (“HMLP”), of which Husky Energy owns 35%, Power Assets owns 48.75% and CKI owns 16.25%. Husky Energy remains the operator of HMLP’s assets. HMLP has approximately 1,900 kilometres of pipeline in the Lloydminster region, storage at Hardisty and Lloydminster, and other ancillary assets. The pipeline systems transport blended heavy crude oil to Lloydminster, accessing markets through Husky Energy’s upgrader and asphalt refinery. The Hardisty Terminal acts as the exclusive blending hub for Western Canada Select. HMLP is in the process of diversifying its operations beyond the Lloydminster and Hardisty area and has commercial support to enter the natural gas processing segment.

Downstream

- **Upgrading**

Husky Energy owns and operates the Lloydminster Upgrader, a heavy oil upgrading facility located in Lloydminster, Saskatchewan with a throughput capacity of 82,000 bbls/day. Lloydminster Upgrader produces synthetic crude oil, diluent and ultra low sulphur diesel. It is designed to process blended heavy crude oil feedstock into high quality, low sulphur synthetic crude oil. Production at the Upgrader averaged 49,000 bbls/day of synthetic crude oil, 14,000 bbls/day of diluent and 6,000 bbls/day of ultra low sulphur diesel in 2017. A major turnaround was completed at the facility in the second quarter of 2017.

- **Canadian Refined Products**

Husky Energy’s Canadian Refined Products operations include refining of light crude oil, manufacturing of fuel and fuel grade ethanol, manufacturing of asphalt products from heavy crude oil and bitumen and acquisition by purchase and exchange of refined petroleum products. Husky Energy’s retail distribution network includes the wholesale, commercial and retail marketing of refined petroleum products and provides a platform for non-fuel related convenience product businesses.

The Prince George Refinery in British Columbia has a throughput capacity of 12,000 bbls/day and produces low sulphur gasoline and ultra-low sulphur diesel.

Husky Energy is the largest marketer of paving asphalt in Western Canada. The Lloydminster Asphalt Refinery in Lloydminster, Alberta, has a throughput capacity of 29,000 bbls/day and is integrated with the local heavy oil and bitumen production, as well as transportation and upgrading infrastructure. A major turnaround was completed at the Asphalt Refinery in the second quarter of 2017.

Husky Energy is the largest producer of ethanol in Western Canada with a combined 260 million litres per year of capacity at plants located in Lloydminster, Saskatchewan and Minnedosa, Manitoba.

Husky Energy is a major regional motor fuel marketer with an average of 518 retail marketing locations in 2017, including bulk plants and travel centres, with strategic land positions in Western Canada and Ontario. In the third quarter of 2017, Husky Energy and Imperial Oil announced to create a single expanded truck transport network of approximately 160 sites.

- **U.S. Refining and Marketing**

The Lima Refinery in Ohio has a throughput capacity of 165,000 bbls/day and produces low sulphur gasoline, gasoline blend stocks, ultra-low sulphur diesel, jet fuel, petrochemical feedstock and other by-products. The first stage of the crude oil flexibility project was completed in 2016 and the refinery is now able to process up to 10,000 bbls/day of heavy crude oil feedstock. The project is designed to allow for the processing of up to 40,000 bbls/day of heavy crude oil feedstock from Western Canada when completed, providing the ability to swing between light and heavy crude oil feedstock. The full scope of the crude oil flexibility project is expected to be completed in phases over a two-year period through 2018 and 2019.

Husky Energy holds a 50% interest in the BP-Husky Refinery in Toledo, Ohio with a nameplate throughput capacity of 160,000 bbls/day and produces low sulphur gasoline, ultra-low sulphur diesel, aviation fuels, propane and asphalt. Husky Energy and its partner completed a feedstock optimisation project in 2016, allowing the refinery to process approximately 55,000 to 70,000 bbls/day of high content naphthenic acids ("High-TAN") crude oil to support production from the Sunrise Energy Project. The refinery's overall nameplate capacity remains unchanged.

On 8 November 2017, Husky Energy completed the purchase of the Superior Refinery, a 50,000 barrels per day permitted capacity facility located in Superior, Wisconsin, U.S. for C\$670 million in cash. The refinery produces gasoline, diesel, asphalt and heavy fuel oils. A project to increase the heavy oil processing capacity at the Superior Refinery is expected to be completed in the first half of 2018.

Telecommunications

CKHH is one of the world's leading mobile telecommunications operators and one of the first operators in the world to offer 3G services primarily under the brand name "Three" or "3". The mobile telecommunications businesses span across six countries in Europe and four countries in the Asia-Pacific region, as well as in Hong Kong and Macau.

CKHH's telecommunications division currently comprises:

- listed subsidiary HTHKH (in which CKHH currently holds an approximate 66.09% interest) comprising mobile businesses in Hong Kong and Macau;
- mobile operations in Indonesia, Vietnam and Sri Lanka;
- an approximate 87.87% interest in HTAL, a listed subsidiary in Australia, which has a 50% interest in VHA; and
- **3** Group Europe, comprising unlisted mobile businesses in the UK, Sweden, Denmark, Austria, Ireland and the Wind Tre joint venture in Italy (including fixed-line business).

CKHH has made substantial investments to build mobile telecommunications operations in certain key mature mobile telecommunications markets in Europe and Australia, and continues to leverage the strong network coverage and capacity in the Indonesia, Vietnam and Sri Lanka markets to grow its customer base organically. CKHH intends to continue to grow its mobile telecommunications businesses and remain profitable, as well as grow profitability through the expansion of data service offerings and competitive tariff plans to stimulate customer growth.

As part of its strategy, CKHH has formed alliances with leading international telecommunications providers and investors including:

- Investor AB, the largest diversified holding company in Sweden;
- Vodafone, one of the world's largest mobile telecommunications companies; and
- VEON, a global provider of telecommunications services.

Hutchison Telecommunications Hong Kong Holdings Limited

Overview

HTHKH operates mobile telecommunications services in Hong Kong and Macau marketed under the **3** brand. In October 2017, HTHKH completed the disposal of its 100% interest in the fixed-line operation for a consideration of approximately HK\$14.5 billion.

Based on the closing price of HTHKH's shares on SEHK on 31 December 2017, HTHKH had a market capitalisation of approximately HK\$15,131 million (approximately US\$1,940 million).

On 26 February 2018, HTHKH announced its audited results for the year ended 31 December 2017. Profit attributable to shareholders amounted to HK\$4,766 million (US\$611 million) for 2017, which was an increase of 599% compared to 2016 driven primarily by the disposal gain of the fixed-line operation, partly offset by accelerated depreciation charges of its mobile telecommunications fixed assets.

Hong Kong and Macau Mobile

HTHKH provides services to approximately 3.3 million active customers as of 31 December 2017 in Hong Kong and Macau.

HTHKH holds a unified carrier licence ("UCL") in Hong Kong, under which it currently operates:

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz	8.3 MHz	1	Paired	16.6 MHz	2020
900 MHz	5 MHz	1	Paired	10 MHz	2026
1800 MHz	11.6 MHz	1	Paired	23.2 MHz	2021
2100 MHz	14.8 MHz	1	Paired	29.6 MHz	2031
2300 MHz	30 MHz	1	Unpaired	30 MHz	2027
2600 MHz ⁽¹⁾	5 MHz	1	Paired	10 MHz	2028
2600 MHz ⁽¹⁾	15 MHz	1	Paired	30 MHz	2024

Note 1: Held by Genius Brand Limited, a 50/50 owned joint venture between HTHKH and Hong Kong Telecommunications (HKT) Limited.

CKHH's fixed-line operations through Hutchison Global Communications Limited included international business, local carrier business, corporate and SME markets, data centre business and residential market. The operation was disposed of in October 2017.

Hutchison Asia Telecommunications

Overview

HAT currently operates mobile telecommunications services in three markets in Asia: Indonesia, Vietnam and Sri Lanka. The services are marketed under the **3** brand in Indonesia, the **Hutch** brand in Sri Lanka and the **Vietnamobile** brand in Vietnam.

Indonesia

CKHH provides mobile telecommunications services in Indonesia through PT Hutchison 3 Indonesia ("H3I"). H3I has completed its network upgrade to provide LTE services across Indonesia in 2017 with population coverage of approximately 70% as at 31 December 2017.

H3I has expanded its network to cover most of the major towns on the islands of Java, Bali, Lombok, Batam, Sumatra, Sulawesi and certain cities of Kalimantan. H3I has approximately 63.6 million active customers as at 31 December 2017.

Vietnam

In Vietnam, CKHH has been engaged in a mobile operation as part of a business cooperation contract ("BCC"). In October 2016, this operation was converted into a Joint Stock Company ("JSC") and continues to operate the mobile telecommunications services in Vietnam under the same brand, **Vietnamobile**. Upon the completion of the conversion, CKHH holds 49% of the business. **Vietnamobile** has approximately 8.2 million active customers as at 31 December 2017.

The Vietnam operation provides its 3G services in three major cities, namely Hanoi, Ho Chi Minh and Da Nang. From 2017, the Vietnam operation is expanding its 3G footprint on a nationwide scale and is expecting to launch LTE services in 2018.

Sri Lanka

CKHH holds a 100% equity interest in Hutchison Telecommunications Lanka (Private) Limited, which holds one of the five nationwide mobile telecommunications licences in Sri Lanka. The operation has approximately 3.2 million active customers as at 31 December 2017.

HTAL, share of VHA (included in Finance & Investments and Others division)

HTAL, an 87.87% owned subsidiary listed on the ASX, holds 50% of VHA, a 50-50 joint venture with Vodafone Group Limited.

On 26 February 2018, HTAL announced its full year results for 2017 and reported that VHA's active customer base increased 4% to approximately 5.8 million (including MVNOs) at 31 December 2017. Complaints to the Telecommunications Industry Ombudsman were 44% lower than the industry average for the fourth quarter in 2017.

VHA's EBITDA increased 6.5% to A\$971.8 million for 2017 and its loss attributable to shareholders was reduced from A\$241.8 million in 2016 to A\$177.8 million in 2017.

3 Group Europe

Overview

As a leading global player in the mobile telecommunications arena, 3 Group Europe is continuing to look towards the development of new services and network enhancement. 3 Group Europe is continuing to upgrade their network capabilities and enhance customer experience to ensure that their service quality meets market demands.

With the upgrade of CKHH's networks for increased speed and capacity and the increasing demand for smartphone and related products, 3 Group Europe has become a significant competitor and, in some countries, the market leader in the provision of mobile broadband Internet access and high speed mobile data services on smartphones or mobile devices.

CKHH's 3 Group Europe includes mobile telecommunications businesses in the UK, Sweden, Denmark, Austria, Ireland and the Wind Tre joint venture in Italy (including fixed-line business). As of 31 December 2017, 3 Group Europe had approximately 52.3 million registered mobile customers and 44.8 million active mobile customers.

Key Business Indicators ("KBIs")

The KBIs for the 3G businesses of 3 Group Europe as included in CKHH's 2017 Annual Report are as follows:

	Registered Customers					
	Registered Customers at 31 December 2017 ('000)			Registered Customer Growth (%) from 31 December 2016 to 31 December 2017		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	5,664	6,946	12,610	+14%	+8%	+11%
Italy ¹	22,273	7,267	29,540	-8%	+3%	-6%
Sweden	356	1,630	1,986	+22%	-8%	-4%
Denmark	512	799	1,311	+14%	+2%	+6%
Austria	1,123	2,513	3,636	-12%	—	-4%
Ireland	1,997	1,199	3,196	+12%	-1%	+7%
3 Group Europe Total	31,925	20,354	52,279	-3%	+3%	-1%

Active Customers ²						
	Active Customers at 31 December 2017 ('000)			Active Customer Growth (%) from 31 December 2016 to 31 December 2017		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	3,247	6,823	10,070	+14%	+8%	+10%
Italy ¹	19,722	6,848	26,570	-10%	+1%	-7%
Sweden	274	1,630	1,904	+29%	-8%	-4%
Denmark	475	799	1,274	+15%	+2%	+6%
Austria	396	2,507	2,903	-9%	—	-1%
Ireland	878	1,177	2,055	-1%	—	-1%
3 Group Europe Total	24,992	19,784	44,776	-6%	+2%	-3%

12-month Trailing Average Revenue per Active User ("ARPU") ³ to 31 December 2017				
	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2016
UK	£5.32	£24.61	£18.07	-6%
Italy ⁶	€ 11.51	€ 15.67	€ 12.55	-5%
Sweden	SEK125.30	SEK323.60	SEK298.50	+3%
Denmark	DKK93.94	DKK164.84	DKK139.13	-4%
Austria	€ 10.72	€ 23.48	€ 21.68	+5%
Ireland	€ 15.60	€ 26.38	€ 21.73	-7%
3 Group Europe Average⁷	€ 10.60	€ 24.92	€ 17.87	-7%

12-month Trailing Net Average Revenue per Active User ("Net ARPU") ⁴ to 31 December 2017				
	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2016
UK	£5.32	£18.15	£13.80	-5%
Italy ⁶	€ 11.51	€ 15.67	€ 12.55	-5%
Sweden	SEK125.30	SEK220.25	SEK208.24	+2%
Denmark	DKK93.94	DKK150.61	DKK130.06	-4%
Austria	€ 10.72	€ 19.70	€ 18.43	+3%
Ireland	€ 15.60	€ 21.46	€ 18.93	-8%
3 Group Europe Average⁷	€ 10.60	€ 19.75	€ 15.25	-7%

**12-month Trailing Net Average Margin per Active User
("Net AMPU")⁵ to 31 December 2017**

	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2016
UK	£4.64	£15.83	£12.04	-6%
Italy ⁶	€9.50	€13.30	€10.45	-2%
Sweden	SEK105.07	SEK187.89	SEK177.41	+2%
Denmark	DKK78.18	DKK125.43	DKK108.30	-3%
Austria	€9.45	€16.64	€15.63	+3%
Ireland	€13.56	€18.44	€16.34	-5%
3 Group Europe Average⁷	€8.88	€16.96	€12.98	-6%

Note 1: Italy's customer base as at 31 December 2017 was calculated based on 100% Wind Tre.

Note 2: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 3: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 4: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 5: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 6: Italy's ARPU, net ARPU, and net AMPU for 2017 were calculated based on Wind Tre's figures and for 2016 were calculated based on approximately ten months (January to October 2016) of 3 Italy's standalone figures and approximately two months (November to December 2016) of Wind Tre's figures.

Note 7: 3 Group Europe ARPU, net ARPU, net AMPU in 2017 were calculated based on 50% contribution from Wind Tre joint venture.

UK

CKHH currently has a 100% interest in 3 UK, which is one of four networks licensed to operate a national 3G and 4G (LTE) network in the UK. The current network coverage exceeds 98%. Building on its current high-speed network, 3 UK launched 4G (LTE) services in December 2013 and 4G (LTE) network coverage has reached 94% at the end of 31 December 2017.

3 UK holds the following spectrum for use in operating a national 3G and 4G (LTE) network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5MHz	1	Paired	10MHz	Indefinite
1400 MHz	5MHz	4	Unpaired	20MHz	Indefinite
1800 MHz	5MHz	3	Paired	30MHz	Indefinite
1800 MHz	3.5MHz	1	Paired	7MHz	Indefinite
2100 MHz	5MHz	3	Paired	30MHz	Indefinite
2100 MHz	5MHz	1	Unpaired	5MHz	Indefinite
3.5 GHz	40MHz	1	Unpaired	40MHz	Indefinite
3.6 GHz	84MHz	1	Unpaired	84MHz	Indefinite
3.9 GHz	84MHz	1	Unpaired	84MHz	Indefinite
28 GHz	224MHz	1	Unpaired	224MHz	Indefinite
40 GHz	2000MHz	1	Unpaired	2000MHz	Indefinite

Revenue for 2017 increased by 7% to £2,425 million compared to 2016. EBITDA and EBIT for 2017 was £702 million and £437 million, representing 2% and 12% decrease from 2016, respectively, mainly due to higher operating expenses due to network and IT infrastructure transformation programme. This resulted in implementation and development costs, as well as dual system running costs. The adverse variance was partly offset by higher margin contribution from an enlarged customer base, as well as improvement in wholesale business. The decrease in EBIT also included additional depreciation on a higher asset base and accelerated depreciation charges on certain network assets.

3 UK has a shared network agreement with Everything Everywhere Limited via its 50/50 joint venture Mobile Broadband Network Limited. The shared network currently has over 98% outdoor coverage of the UK population.

In May 2017, **3 UK** completed the acquisition of UK Broadband for a total consideration of approximately £300 million. UK Broadband provides wireless home and business broadband services in Central London and Swindon, and has spectrum holdings in the 3.4GHz and 3.6 to 3.8 GHz bandwidths.

Italy

Prior to 5 November 2016, CKHH held a 97.414% shareholding interest in **3 Italia S.p.A.**, which operated one of four national mobile networks in Italy. The remaining 2.586% shareholding in **3 Italia S.p.A.** was held by Private Equity International S.A. ("PE International"), a company belonging to the Intesa Sanpaolo group, one of the leading Italian banking groups.

On 5 November 2016, CKHH and Veon Ltd. ("VEON"), an international telecommunications company whose shares are listed on Nasdaq (symbol: VIP), formed a joint venture company, VIP-CKH Luxembourg S.à r.l. ("VCL"), in which CKHH and VEON each indirectly own a 50% interest. VCL combines the ownership and operations of the Italian telecommunications businesses of **3 Italia S.p.A.** and WIND Acquisition Holdings Finance S.p.A. under VCL's wholly-owned subsidiary, Wind Tre S.p.A. ("Wind Tre"). The combined businesses trade under the "Wind", "Tre", and "Wind Tre Business" brands. As of 31 December 2017, Wind Tre had approximately 29.5 million registered mobile customers, making it the largest mobile operator in Italy measured by customer numbers, and approximately 2.7 million fixed-line customers.

CKHH's 50% interest in VCL includes a 1.293% indirect economic interest in VCL received by PE International in exchange for its 2.586% shareholding in **3 Italia S.p.A.** prior to 5 November 2016. CKHH has the right to acquire PE International's 1.293% economic interest in VCL under an option with a mandatory exercise date no later than 25 July 2022.

The results of the telecommunications businesses in Italy included in CKHH's consolidated income statement for 2016 represented approximately ten months results of **3 Italia** and its subsidiaries prior to the formation of the joint venture that was completed on 5 November 2016 and CKHH's 50% share of approximately two months results of Wind Tre post completion. In addition, upon formation of the joint venture, accounting standards of CKHH require CKHH to account for the joint venture's assets and liabilities at fair value. Accordingly, adjustments to the results of the telecommunications businesses in Italy were made when CKHH's 50% interest in the joint venture was incorporated into CKHH's consolidated results.

CKHH's share of revenue of the telecommunications businesses in Italy for 2017 was €2,734 million. EBITDA and EBIT amounted to €1,105 million and €807 million respectively, in 2017, grew 126% and 150% respectively over 2016, reflecting the full year accretive contribution from the merger of Wind Tre as well as synergy realisation during the year.

Wind Tre holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5MHz	2	Paired	20MHz	2029
900 MHz	5MHz	2	Paired	20MHz	2029
900 MHz ⁽¹⁾	5MHz	1	Paired	10MHz	2021
1800 MHz	5MHz	4	Paired	40MHz	2029
1800 MHz ⁽¹⁾	5MHz	2	Paired	20MHz	2029
2100 MHz	5MHz	4	Paired	40MHz	2029
2100 MHz ⁽¹⁾	5MHz	2	Paired	20MHz	2029
2100 MHz	5MHz	2	Unpaired	10MHz	2029
2600 MHz	5MHz	4	Paired	40MHz	2029
2600 MHz	15MHz	2	Unpaired	30MHz	2029

Note 1: For divestment to Iliad under the remedy taker contract

Scandinavia

CKHH has a 60% interest in Hi3G Access, which owns and operates 3G mobile telecommunications networks in Scandinavia. Investor AB (publ), an owner of high quality Nordic-based international companies, owns the remaining 40% interest.

The mobile telecommunications businesses in Scandinavia comprise operations in Sweden and Denmark. CKHH has invested in these businesses through Hi3G Access, which also provides central management and financial control.

In Sweden, revenue for 2017 increased 4% to SEK7,508 million as compared to 2016. EBITDA of SEK2,150 million and EBIT of SEK1,555 million increased 2% and 3% respectively compared to 2016, primarily driven by lower operating cost as certain one-off staff incentive payments in 2016 that did not recur in 2017.

In Denmark, revenue for 2017 increased 6% to DKK2,246 million as compared to 2016. EBITDA of DKK808 million and EBIT of DKK519 million increased 9% and 13% respectively compared to 2016, mainly due to higher wholesale contribution and implementation of cost controls measures.

Sweden

Hi3G Access has a licence to operate a national mobile network in Sweden. The licence was awarded after the Swedish Government's assessment of the merits of the applicants and no licence fee was paid by Hi3G Access.

Hi3G Access holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	10MHz	1	Paired	20MHz	2035
900 MHz	5MHz	1	Paired	10MHz	2025
1800 MHz	5MHz	1	Paired	10MHz	2027
2100 MHz	20MHz	1	Paired	40MHz	2025
2100 MHz	5MHz	1	Unpaired	5MHz	2025
2600 MHz	10MHz	1	Paired	20MHz	2023
2600 MHz	50MHz	1	Unpaired	50MHz	2023

3G Infrastructure Services AB ("3GIS"), a 50/50 joint venture with Telenor Sverige AB, constructs and operates a UMTS infrastructure network in certain areas of Sweden.

Denmark

Hi3G Denmark, a wholly-owned subsidiary of Hi3G Access, has one of four licences to operate a national mobile network in Denmark.

Hi3G Denmark holds the following spectrum for use in operating a national mobile network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz	5MHz	1	Paired	10MHz	2034
1800 MHz	5MHz	2	Paired	20MHz	2032
1800 MHz	10MHz	2	Paired	40MHz	2032
2100 MHz	15MHz	1	Paired	30MHz	2021
2100 MHz	5MHz	1	Unpaired	5MHz	2021
2600 MHz	10MHz	1	Paired	20MHz	2030
2600 MHz	5MHz	5	Unpaired	25MHz	2030

Hi3G Denmark also holds an equal equity interest (25% equity share) with Telenor, Telia and TDC A/S in 4T af 1. Oktober 2012 ApS ("4T DK"). The purpose of the joint venture is to provide mobile payment services in the Denmark market.

Since December 2016, Hi3G Denmark holds an equal equity interest (25% equity share) of OCH A/S with Telenor, Telia and TDC A/S. The purpose of this joint venture is to implement and handle number portability within the Danish telecommunications market.

Austria

CKHH's wholly-owned subsidiary, **3 Austria**, is one of three companies licensed to operate a national mobile network in Austria.

In January 2013, **3 Austria** completed the acquisition of a 100% interest in Orange Austria and the simultaneous onward sale of the Yesss! brand and certain other assets (including certain licences) to Telekom Austria Group. Together with the licences acquired following the acquisition of Orange Austria, **3 Austria** holds the following spectrum for use in operating a national mobile network:

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz (from 2016)	5MHz	1	Paired	10MHz	2034
1800 MHz (to 2017)	200kHz	145	Paired	58MHz	2017
1800 MHz (from 2014 to 2017)	3.5MHz	1	Paired	7MHz	2017
1800 MHz (from 2016 to 2017)	3MHz	1	Paired	6MHz	2017
1800 MHz (from 2018)	5MHz	4	Paired	40MHz	2034
2100 MHz	5MHz	5	Paired	50MHz	2020
2100 MHz	5MHz	1	Unpaired	5MHz	2020
2600 MHz	5MHz	5	Paired	50MHz	2026
2600 MHz	25MHz	1	Unpaired	25MHz	2026

In December 2010, **3 Austria** signed a Sale and Purchase agreement selling defined assets of the 3G network to BVPenintadio Beteiligungsverwaltung GmbH ("BVPenintadio"). Subsequently, **3 Austria** entered into an operating lease agreement with BVPenintadio to lease back the network assets. BVPenintadio has appointed ZTE to operate, modernise and upgrade the network. In early 2016, the network was subsequently bought back.

Revenue for 2017 of €812 million increased 5% compared to 2016. EBITDA remained stable at €342 million mainly due to higher net customer service margin driven by the improved net AMPU, fully offset by increased operating expenses mainly from integration of the newly acquired Tele2 operations. EBIT marginally decreased by 1% to €242 million in 2017 as a result of higher depreciation and amortisation from network expansion.

In 2015, the network consolidation and migration to 4G/LTE was completed. In November 2017, **3 Austria** completed the acquisition of Tele2, a fixed-network provider in Austria, for a total consideration of approximately €100 million.

Ireland

3 Ireland is one of the three companies licensed to operate a national mobile network in the Republic of Ireland. In July 2014, Hutchison completed the acquisition of O₂ Ireland for €780 million with an additional deferred payment of €70 million payable dependent upon achievement of agreed financial targets.

On 26 August 2014, 3 Ireland announced a strategic partnership with eir (previously “eircom”) to extend and strengthen the existing network sharing arrangement which was in place between O2 Ireland and eircom since 2011. The new agreement runs to 2030.

Together with the licences acquired following the acquisition of O₂ Ireland, 3 Ireland holds the following spectrum for use in operating its national network.

Licence	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5 MHz	2	Paired	20 MHz	2030
900 MHz	5 MHz	3	Paired	30 MHz	2030
1800 MHz	5 MHz	7	Paired	70 MHz	2030
2100 MHz	5 MHz	6	Paired	60 MHz	2022
2100 MHz	5 MHz	1	Unpaired	5 MHz	2022
3600 MHz	5 MHz	20	Unpaired	100 MHz	2032

Revenue for 2017 decreased 8% to €603 million compared to 2016. EBITDA and EBIT were 10% and 20% respectively lower than 2016 as a result of increase in voluntary churn in 2017 that follows the implementation of price changes on contract customers. The results reflect loss of revenue from churned customers as well as a write-off of receivables relating to them. 3 Ireland has stabilised its churn rate of contract customers, which lowered from 2.4% in the first half of 2017 to 1.9% for the year end. EBITDA and EBIT for the second half of 2017 improved by 19% and 43% respectively against the first half of 2017. 3 Ireland continues to realise synergies during the year and have fully achieved the target operating expense synergy run rate of €103 million.

Regulation

European Union Regulation

General regulatory and policy background

A key objective of the European Commission (“Commission”) is the creation of the “digital single market” in the EU. The Commission set out its action plan in May 2015 to create such a market in its “Digital Single Market Strategy”, which is made of three main pillars (i) improving access to digital goods and services, (ii) a regulatory environment where digital networks and services can prosper and (iii) digital as a driver for growth. The aim is to create the right environment and conditions for digital networks and services. See below “Proposal for reform of the EU Framework — the European Electronics Communications Code”.

EU telecoms regulatory framework

Individual national regulatory authorities (“NRA(s)”) regulate 3 Group Europe businesses in the EU under national laws, which implement the EU telecoms regulatory framework (“EU Framework”). The current EU Framework came into force on 25 May 2011.

The EU Framework comprises several pieces of legislation which provide for, among other things, the way in which telecommunications operators are authorised to operate, the terms for access to, and interconnection between, operators’ networks, principles for ensuring the universal availability of a basic set of telecommunications services at affordable prices, the protection of personal data privacy and the principles and coordination procedures for the development of a coherent EU radio spectrum policy.

The EU Framework is built upon the general concepts of competition law, with the main objectives being:

- to maintain sector-specific obligations in situations where operators are regarded as having significant market power (“SMP”), which concept accords with the concept of “dominance” under existing EU competition laws;
- to use a competition law based approach to sector-specific regulation; and
- to conduct periodic market reviews, with the aim of gradually phasing out sector-specific regulation, in favour of generally applicable competition laws.

In order to ensure consistency in the implementation and interpretation across the EU, the EU Framework establishes powers for the Commission, as well as processes for collaboration among the NRAs, and between the NRAs and the Commission.

Under the current EU Framework, the NRAs are required to conduct market reviews periodically with respect to markets recommended by the Commission to require ex ante regulation. The NRAs may only impose remedies (such as price controls and non-discrimination obligations) on operators in identified markets if they have been designated as having SMP.

The Commission's "Recommendation on relevant markets" includes the market for "voice call termination on individual mobile markets". The list is a non-exhaustive list, and NRAs have the discretion to examine other markets not identified by the Commission.

In May 2009, the Commission adopted a recommendation to harmonise the way NRAs determine the price controls on wholesale mobile termination rates ("MT Rates") ("MT Rates Recommendation"). The MT Rates Recommendation set out a common methodology for calculating the cost of mobile termination. Many NRAs have set MT Rate price controls which followed the MT Rates Recommendation and data collected by the NRAs show the weighted average MT Rate in the EU as at December 2017 was 0.91 eurocents per minute (compared to the average in Europe in 2012 of 6.39 eurocents per minute).

All Mobile Networks Operators ("MNOs") in Europe, including the 3 Group companies, have been designated as having SMP in the market for voice call termination and the NRAs have imposed price controls on their respective MT Rates. In the UK and Italy:

- The UK Office of Communications ("Ofcom") issued a statement in March 2015 in which it imposed a three-year price control for April 2015 to 31 March 2018, with the MT Rate currently capped at 0.495 ppm (pence per minute) until March 2018 (when the existing charge control will expire). Ofcom is currently undertaking a review of the mobile call termination market to determine the regulated rates for the three-year period from April 2018 and has provisionally concluded that: the existing rate of 0.495 ppm will continue to apply from April 2018 to May 2018 (inclusive), a rate of 0.489 ppm will apply from June 2018 to March 2019 and regulated rates of 0.480 ppm and 0.471 ppm should apply in each financial year for the periods 2019/20 and 2020/21, respectively; and
- The Italian NRA ("AGCOM") designated 3 Italia and WIND as having SMP in 2005 (but did not impose a price control on 3 Italia until 2008). The MT Rates for all of the MNOs have been regulated down by AGCOM in phases, and as from 1 January 2014 is 0.98 eurocents per minute for all MNOs. Over the years there have been several appeals of the MT Rates by the MNOs. Currently, there is one ongoing appeal by Telecom Italia with respect to the MT Rates payable during the period 1 November 2008 to 30 June 2009 as well as during the period from 1 January 2013 until present. Accordingly, the MT Rates stated for these periods may change with respect to that MNO.

In December 2017, AGCOM issued a public consultation about MT Rates for the years 2018/2021 proposing the following glide path for all MNOs and full MVNOs: 0.98 eurocents per minute in 2018, 0.95 eurocents per minute in 2019, 0.92 eurocents per minute in 2020 and 0.89 eurocents per minute in 2021. The results of the consultation process are expected in the second half of 2018.

NRAs have powers to determine interconnection disputes (whether or not an SMP designation has been made) when a dispute is referred to them by a communications provider.

Proposal for reform of the EU Framework — the European Electronic Communications Code

As part of the Digital Single Market Strategy, the Commission published legislative proposals on 14 September 2016 to revise the EU Framework, the main element of which is a draft directive establishing a European Electronic Communications Code (the "Code"). The Code will replace the EU Framework (other than the directive on e-privacy which is being reviewed separately - see below).

The proposed Code contains provisions to: harmonise further the management of spectrum; lighten regulated access to infrastructure (e.g. fixed-line networks) where the operator has SMP; revise the definition of the universal service obligation; implement new consumer protection rules that would regulate internet based ("over-the-top" or "OTT") communication services and fully harmonise many consumer protection measures across the EU (e.g. maximum contract periods, rights of termination where customer terms have changed, new rules and transparency measures with respect to bundled packages, mandated one day recipient led number porting); and set a single maximum termination rate for the whole EU which should not exceed 1.23 eurocents per minute. The Commission's stated objective is to increase the availability of fast broadband connections and the Code contains measures to encourage investment in fast broadband connections, principally fibre. This is partly achieved by

lightening the regulation of access to new fibre infrastructure, which may make it more difficult for competitors to access the fibre infrastructure of fixed-line incumbents, including the mobile backhaul services needed by MNOs. The Code also contains provisions that would allow NRAs to impose national roaming or infrastructure sharing to improve coverage of telecoms networks.

The European Parliament and European Council are currently in final negotiations to agree the Code and changes are expected. They are expected to approve the Code in June 2018. Following the publication of the Code in the Official Journal, Member States would normally be given around 18 months to transpose the directive into national legislation, implying a date for the new Code to come into force not before early 2020.

In addition to the Code, the Commission's proposals for revising the EU Framework include a proposed regulation to formalise and enhance the Body of European Regulators of Electronic Communications ("BEREC"). Under the proposals, BEREC could become an EU agency with a legal personality and the ability to adopt binding decisions. This proposal is also subject to the scrutiny and approval of the European Parliament and European Council.

International roaming

There is EU regulation which sets price controls on the wholesale international roaming charges for voice, SMS and data roaming that MNOs based in the EU can charge other operators based in the EU, and on the retail international roaming charges that EU operators can charge their customers for calls to a number within the EU:

- The European Parliament and Council first adopted a roaming regulation in 2007 which imposed wholesale and retail price caps on international roaming charges for voice calls, and thereafter regulation was extended to SMS and data roaming, with progressively lower wholesale and retail price caps.
- The Telecoms Single Market Regulation that was published on 26 November 2015 amended further the roaming regulation with the aim to eliminate the difference between roaming and domestic charges within the EU. The first phase of the roaming price changes took effect on 30 April 2016, with retail roaming charges in the EU capped at the domestic price plus a surcharge which was equal to the prevailing wholesale price caps (5 eurocents per minute for voice, 2 eurocents per SMS and 5 eurocents per MB of data). From 15 June 2017, surcharges have been abolished and customers are to be charged their domestic prices when roaming, subject to a fair use policy, which will allow operators to limit international roaming in the EU at the domestic prices to periodic travel.
- On 15 December 2016, the Commission adopted an implementing regulation to define the fair use policy and "sustainability" mechanism. The Commission's fair use policy is the minimum amount of EU roaming services that operators must offer their customers at domestic prices. For roaming traffic that exceeds the fair use limit, retail international roaming prices will be capped at the domestic price plus a surcharge equal to the wholesale cap. The Telecoms Single Market Regulation requires that operators must be able to recover their costs and the sustainability mechanism defines the test that NRAs must apply if an operator claims that it cannot sustainably offer roaming at domestic prices.
- The Telecoms Single Market Regulation also required the Commission to undertake a review of wholesale roaming charges and the latest wholesale caps which came into effect from 1 January 2018 are: 3.2 eurocents per minute for wholesale voice roaming, 1 eurocent per SMS and, for data, EUR 6.00 per gigabyte. The voice and SMS caps will remain unchanged until 30 June 2022 whereas the data cap will decrease in stages down to EUR 2.50 per gigabyte from 1 January 2022.

The amendments to the regulation of roaming that were adopted in 2012 also included structural changes to the way roaming services are provided to allow new forms of competition in the international roaming market from, inter alia, MVNOs and resellers. In particular, the regulation obliges MNOs to meet all reasonable requests for wholesale roaming access from 1 July 2012 and to enable their customers to choose a local provider of data roaming services (a "local break-out" or LBO provider) from 1 July 2014.

Net neutrality

The Telecoms Single Market Regulation also imposes obligations on operators not to discriminate in their treatment of data traffic (commonly referred to as “net neutrality”). The Regulation requires providers of publicly available “internet access services” to treat all data traffic equally. It also gives end-users the right to access and distribute information and content, via their internet access service, and use and provide applications and services and terminal equipment of their choice, regardless of location, origin or destination of the information, content, application or service. The Regulation allows “reasonable” traffic management, which must be transparent, non-discriminatory and reasonable and not based on commercial considerations. The Regulation required BEREC to issue guidelines on the implementation of the obligations and these were issued by BEREC on 30 August 2016. The guidelines address commercial practices, traffic management, specialised services and transparency requirements. In particular, they prohibit offers that limit the websites that can be accessed (“sub-internet offers”), restrictions on tethering, certain zero rating offers (where data use does not count against the consumer’s allowance) and network based blocking of content, including blocking of advertising. NRAs are responsible for enforcing the Regulation and are to take utmost account of BEREC’s guidelines. Depending on how the guidelines are applied by the NRAs in light of the underlying Regulation, they could reduce the flexibility of operators to manage traffic in order to provide a certain quality of service, or to agree terms (including preferential treatment in return for remuneration) with content and application providers related to quality of service.

The Commission is obliged to review the net neutrality provisions of the Telecoms Single Market Regulation and report to the European Parliament and European Council by 30 April 2019.

Spectrum

On 14 March 2012, the European Parliament and Council adopted the Radio Spectrum Policy Programme (“RSPP”). The RSPP is a Decision that sets the strategic objectives for spectrum policy in the EU. One such objective is to identify sufficient spectrum for wireless broadband. In that regard, the RSPP required European Member States to authorise the use of the 800 MHz band for mobile operators by 1 January 2013, with derogations possible only until 31 December 2015. On 2 February, 2016 the Commission presented a proposal to coordinate the use of the 700 MHz band for mobile services. The European Parliament and European Council approved the regulation on 14 December 2016. It requires Member States to assign the 694—790 MHz band to wireless broadband services by 30 June 2020, with the possibility of an extension of up to 2 years in duly justified cases. The European Radio Spectrum Policy Group has set out its view that the 3400 — 3800 MHz band is likely to be the primary band suitable for the introduction of 5G services across Europe, potentially before 2020.

Data protection

The General Data Protection Regulation (“GDPR”) was adopted in April 2016 and comes into effect on 25 May 2018, when it replaces the 1995 Data Protection Directive. The Regulation is directly effective and does not need to be implemented in national laws. It applies to all data controllers and data processors in the EU that are processing personal data, and those outside the EU that target data subjects in the EU. The GDPR introduces new rights for data subjects, such as the right to be forgotten and data portability, and strengthens existing obligations on data controllers in obtaining consents and to ensure their systems and procedures are compliant (privacy by design and by default), and requires data controllers to maintain a data processing register. Fines for failing to comply with the GDPR can be up to 4% of worldwide annual revenue.

E-privacy

On 10 January 2017, the Commission published its legislative proposals to revise the e-Privacy Directive. The Directive would be replaced by an e-Privacy Regulation that would regulate not only electronic communications services, as is currently the case, but also internet based (OTT) communication services. There is a stricter requirement to obtain consent for the use of personal or meta data, revisions to the requirement to obtain consent for cookies, rules on data breach notification and higher fines for breaches of the Regulation (up to 4% of worldwide annual turnover, in line with the fines in the GDPR). The Commission has called upon the European Parliament and European Council to adopt the Regulation prior to the date when the GDPR comes into force in May 2018 although the current expectation is that it will not be approved before September 2018.

Finance & Investments and Others

CKHH receives income from its finance & investments and others division, which is responsible for the management of CKHH's cash deposits, liquid assets held in managed funds and other investments. Managed funds are portfolios of short-term and liquid debt securities, primarily denominated in U.S. dollars, managed by independent professional fund managers in various financial centres around the world. CKHH also has certain investments in shares and convertible securities of listed companies. Income from this division includes interest income, dividends from equity investments, profits and losses from sale of securities and foreign exchange gains and losses of non-Hong Kong dollar denominated liquid assets. CKHH has adopted a strategy of minimising credit, interest rate, market price and currency risks in its fixed income investments, and has divested its medium-term, long-term and foreign currency investments in favour of U.S. dollar denominated short-term liquid debt securities.

CKHH has operations in over 50 countries and conducts businesses in over 50 currencies. CKHH's functional currency for reporting purposes is Hong Kong Dollars and CKHH's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. CKHH generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, CKHH may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings. In 2017, CKHH entered into hedges by ways of forward contracts against Pound Sterling, Euro and Renminbi currency risks. These contracts resulted in realised hedging losses of HK\$1,173 million (US\$150 million) in 2017, which were fully offset by translation gains against the hedged rates on the CKHH's attributable earnings in those currencies during 2017. All forward contracts for hedging earnings have been fully settled and no foreign currency hedge have been entered into in respect of expected 2018 foreign currency earnings.

As of 31 December 2017, CKHH's liquid assets totaled HK\$168,283 million (US\$21,575 million) of which 23% were denominated in Hong Kong dollars, 53% in U.S. dollars, 7% in Renminbi, 4% in Euro, 7% in Pound Sterling and 6% in other currencies. Cash and cash equivalents represented 95% of such total, U.S. Treasury notes and listed/traded debt securities 4% and listed equity securities 1%. The U.S. Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of U.S. Treasury notes of 56%, government and government guaranteed notes of 17%, notes issued by CKHH's associate Husky Energy of 4%, notes issued by financial institutions of 1% and others of 22%. 79% of the U.S. Treasury notes and listed/traded debt securities were rated at Aaa/AAA or Aa1/AA+, with an average maturity of approximately 2.4 years on the overall portfolio. CKHH has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

The interest expense and finance costs related to CKHH's various operating businesses are not attributed to this division but are disclosed separately in the consolidated income statement and related notes thereto set forth in the audited consolidated financial statements of CKHH incorporated by reference in this Offering Circular.

Hutchison Whampoa (China) Limited

In addition to subsidiaries and joint ventures in several of its core businesses, CKHH is also engaged in other activities in the Mainland and Hong Kong through its wholly-owned subsidiary HWCL and its 60.3% subsidiary Chi-Med. These activities include the provision of aircraft maintenance and engineering services, pharmaceutical research and development, the manufacture and distribution of healthcare and pharmaceutical products, the manufacturing and trading of consumer detergent products, the distribution of consumer products, and the provision of logistics services.

CKHH is the major shareholder of Chi-Med, which is listed on the AIM and Nasdaq. Chi-Med had a market capitalisation of approximately £3,721 million (approximately HK\$38,998 million) as of 31 December 2017.

HWCL also has the following major investments, which operate in the Mainland and Hong Kong:

- Guangzhou Aircraft Maintenance Engineering Company ("GAMECO") (50% interest), a joint venture with China Southern Airlines. GAMECO serves both Chinese and international airlines from its maintenance facilities at Guangzhou's airport and other locations in the Mainland, conducting both routine maintenance services and overhauls;

- China Aircraft Services Limited (20% interest), a joint venture with China Airlines, China National Aviation Corporation and United Airlines, providing aircraft maintenance and support services. This operation was disposed of as part of the Gama Aviation Plc acquisition in March 2018;
- Gama Aviation Plc (21.2% interest), a global business aviation services provider listed on the AIM.
- Shanghai Hutchison Whitecat Company Limited (“Whitecat”) (100% interest), which develops and manufactures consumer and industrial detergent products. During 2017, HWCL acquired the 20% non-controlling interest in Whitecat for RMB285 million and increased its shareholding in Whitecat from 80% to 100%. Also in 2017, Whitecat completed the return of its manufacturing plant in Shanghai and recognised a disposal gain after tax of HK\$1,532 million; and
- Chi-Med (60.3% interest), a company listed on the AIM and Nasdaq. Chi-Med is an innovative biopharmaceutical company which researches, develops, manufactures and sells pharmaceuticals and healthcare products. In October 2017, Chi-Med completed a secondary offering through new issuance of 11,369,810 American Depositary Shares (“ADS”), representing 5,684,905 ordinary shares, at a price of US\$26.5 per ADS, raising gross proceeds of approximately US\$301 million.

E-Commerce Operations

CKHH has invested in e-commerce and related opportunities. These operations include:

- bigboXX.com (100% interest) — an office supplies procurement portal for business corporations in Hong Kong;
- Hutchison Travel (100% interest) — an internet based travel service company that offers air tickets, hotel rooms, rental car, air plus hotel combo and travel insurance; and
- ESDlife (85% interest) — ESDlife is focused on providing a one-stop shop for public and commercial electronic services, as well as professional web solutions through the establishment of a vast digital information infrastructure.

CKHH also has a 50% economic interest in Metro Broadcast, a licensed radio broadcasting operator in Hong Kong currently operating three analogue radio channels, namely Metro Finance (FM 104), Metro Info (FM 997) and Metro Plus (AM 1044).

Hutchison Water

CKHH had a 49% interest in a water desalination project in Israel and is one of the largest desalination plants in the world in terms of capacity. In December 2017, Hutchison Water Group was deconsolidated and is currently an unlisted investment.

TOM Group

CKHH also has a 36.73% interest in TOM Group, a media and technology company listed on SEHK. In addition to its media businesses in publishing and advertising, TOM Group also has a technology platform with operations in e-commerce, social network, mobile internet; and investments in fintech and big data analytics sectors. Based on the closing price of its shares on SEHK on 31 December 2017, TOM Group had a market capitalisation of approximately HK\$8,254 million (approximately US\$1,058 million).

Marionnaud Group

CKHH has a 100% interest in the Marionnaud Group, a luxury perfumery and cosmetic retail chain in Europe. As of 31 December 2017, Marionnaud operates approximately 1,000 stores in 11 European markets, providing luxury perfumery and cosmetic products.

CKHH has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing and sale of, and investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products. It has business interests in three key divisions: agriculture, nutraceutical and pharmaceutical research and development. Based on the closing price of its shares on SEHK on 31 December 2017, CKLS had a market capitalisation of approximately HK\$5,767 million (approximately US\$739 million).

Environmental Matters

CKHH's operations are subject to various environmental laws. Compliance with such laws has not had, and is not expected to have, a material adverse effect upon CKHH's capital expenditure, earnings or competitive position.

Legal Proceedings

CKHH is not engaged in any material litigation or arbitration proceeding, and no material litigation or claim is known by CKHH to be pending or threatened against it that would have a material adverse effect on CKHH's financial condition and results of operations.

MANAGEMENT OF CKHH

The Directors of CKHH are set forth below.

Name	Age	Position
LI Ka-shing	89	Chairman and Executive Director
LI Tzar Kuoi, Victor	53	Group Co-Managing Director, Deputy Chairman and Executive Director
FOK Kin Ning, Canning	66	Group Co-Managing Director and Executive Director
Frank John SIXT	66	Group Finance Director, Deputy Managing Director and Executive Director
IP Tak Chuen, Edmond	65	Deputy Managing Director and Executive Director
KAM Hing Lam	71	Deputy Managing Director and Executive Director
LAI Kai Ming, Dominic	64	Deputy Managing Director and Executive Director
Edith SHIH	66	Executive Director and Company Secretary
CHOW Kun Chee, Roland	80	Non-executive Director
CHOW WOO Mo Fong, Susan	64	Non-executive Director
LEE Yeh Kwong, Charles	81	Non-executive Director
LEUNG Siu Hon	86	Non-executive Director
George Colin MAGNUS	82	Non-executive Director
KWOK Tun-li, Stanley	91	Independent Non-executive Director
CHENG Hoi Chuen, Vincent	69	Independent Non-executive Director
The Hon Sir Michael David KADOORIE	76	Independent Non-executive Director
LEE Wai Mun, Rose	65	Independent Non-executive Director
William Elkin MOCATTA	65	Alternate Director to The Hon Sir Michael David Kadoorie
William SHURNIAK	86	Independent Non-executive Director
WONG Chung Hin	84	Independent Non-executive Director
WONG Yick-ming, Rosanna	65	Independent Non-executive Director

The principal place of business of CKHH is 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong with the principal executive office situated at 22nd Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.

The Board of Directors of CKHH consists of twenty-one members (including Alternate Director) of which 8 are Independent Non-executive Directors (including Alternate Director) and 5 are Non-executive Directors. Set forth below is selected biographical information for each of the Directors:

LI Ka-shing, GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 89, is the founder of the CK group. He has been the Chairman and Executive Director of CKHH since January 2015 and a member of the Remuneration Committee of CKHH since March 2015. Mr Li is also the Chairman and Executive Director of CK Asset Holdings Limited ("CKA", formerly known as Cheung Kong Property Holdings Limited) and a member of its Remuneration Committee. He was the Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") from 1971 to 2015 and Managing Director from 1971 to 1998. The listing status of Cheung Kong (Holdings) on The Stock Exchange of Hong Kong Limited (the "SEHK") was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Li has also been the Chairman of Hutchison Whampoa Limited ("HWL") since 1981 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Chairman of Li Ka Shing Foundation Limited ("LKSF"), Li Ka Shing (Overseas) Foundation ("LKSOFF") and Li Ka Shing (Canada) Foundation ("LKSCF"). Mr Li has been engaged in many major commercial developments in Hong Kong for more than 60 years. He served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the

years. Mr Li has received Honorary Doctorates from Peking University, the University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the UK. Mr Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of CKHH, and the brother-in-law of Mr Kam Hing Lam, Deputy Managing Director of CKHH. Mr Li also holds directorships in certain companies controlled by certain substantial shareholders of CKHH within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

LI Tzar Kuoi, Victor, aged 53, has been a Director of CKHH since December 2014. Mr Victor Li was designated as Executive Director, Managing Director and Deputy Chairman of CKHH in January 2015 and re-designated as Executive Director, Group Co-Managing Director and Deputy Chairman of CKHH in June 2015. He joined Cheung Kong (Holdings) in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman of Cheung Kong (Holdings) since 1994, Managing Director since 1999 and Chairman of the Executive Committee since 2013. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) and ceased to act as Chairman of the Executive Committee of Cheung Kong (Holdings) in June 2015. He is Managing Director, Deputy Chairman and Executive Director of CKA as well as Chairman of its Executive Committee. He has been an Executive Director of HWL since 1995 and Deputy Chairman since 1999 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. Mr Victor Li is the Chairman of CK Infrastructure Holdings Limited (“CKI”, formerly known as Cheung Kong Infrastructure Holdings Limited) and CK Life Sciences Int’l., (Holdings) Inc. (“CKLS”), a Non-executive Director of Power Assets Holdings Limited (“Power Assets”) and HK Electric Investments Manager Limited (“HKEIML”) as the trustee-manager of HK Electric Investments (“HKEI”), a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited (“HKEIL”) and Co-Chairman of Husky Energy Inc. (“Husky Energy”). Save and except CKA, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Victor Li acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Victor Li is also the Deputy Chairman of LKSF, LKSOF and LKSCF, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr Victor Li serves as a member of the Standing Committee of the 13th National Committee of the Chinese People’s Political Consultative Conference (“CPPCC”) of the People’s Republic of China. He is also a member of the Chief Executive’s Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr Victor Li is the Honorary Consul of Barbados in Hong Kong. He was previously a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr Victor Li is a son of Mr Li Ka-shing, the Chairman of CKHH and a substantial shareholder of CKHH within the meaning of Part XV of the SFO, and a nephew of Mr Kam Hing Lam, Deputy Managing Director of CKHH. Mr Victor Li is also a director of certain substantial shareholders of CKHH within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of CKHH.

FOK Kin Ning, Canning, aged 66, has been a Non-executive Director of CKHH since January 2015 and was re-designated as an Executive Director and Group Co-Managing Director of CKHH in June 2015. Mr Fok has been a Director of Cheung Kong (Holdings) since 1985 and became a Non-executive Director in 1993. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Fok has been an Executive Director of HWL since 1984, Group Managing Director since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”), Hutchison Telecommunications (Australia) Limited (“HTAL”), Hutchison Port Holdings Management Pte. Limited (“HPHM”) as the trustee-manager of Hutchison Port Holdings Trust (“HPH Trust”), Power Assets, HKEIML as the trustee-manager of HKEI, and HKEIL, Co-Chairman of Husky Energy and Deputy Chairman of CKI. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Fok acts as Chairman, Co-Chairman, Deputy Chairman

or Director for the purpose of overseeing the management of such businesses. Mr Fok is a director of certain companies controlled by a substantial shareholder of CKHH within the meaning of Part XV of the SFO. Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT, aged 66, has been a Non-executive Director of CKHH since January 2015 and was re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of CKHH in June 2015. Mr Sixt has been an Executive Director of Cheung Kong (Holdings) since 1991 and became a Non-executive Director in 1998. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He has been an Executive Director of HWL since 1991, Group Finance Director since 1998 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Non-executive Chairman of TOM Group Limited (“TOM”), an Executive Director of CKI, a Director of HTAL and Husky Energy, and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Sixt acts as Chairman or Director for the purpose of overseeing the management of such businesses. Mr Sixt is a director of certain substantial shareholders of CKHH within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of CKHH. Mr Sixt holds a Master’s degree in Arts and a Bachelor’s degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

IP Tak Chuen, Edmond, aged 65, has been a Director of CKHH since December 2014 and was designated as an Executive Director and Deputy Managing Director of CKHH in January 2015. He is an Executive Director and a Deputy Managing Director of CKA and a member of its Executive Committee. He has been an Executive Director of Cheung Kong (Holdings) since 1993 and Deputy Managing Director since 2005. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Ip is also an Executive Director and Deputy Chairman of CKI, the Senior Vice President and Chief Investment Officer of CKLS, and a Non-executive Director of ARA Asset Management Limited and Hui Xian Asset Management Limited as the manager of Hui Xian Real Estate Investment Trust (“Hui Xian REIT”). Save and except CKA and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Ip acts as Director or senior executive for the purpose of overseeing the management of such businesses. Mr Ip is a director of certain companies controlled by certain substantial shareholders of CKHH within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

KAM Hing Lam, aged 71, has been an Executive Director and Deputy Managing Director of CKHH since January 2015. He is also an Executive Director and a Deputy Managing Director of CKA and a member of its Executive Committee. Mr Kam has been Deputy Managing Director of Cheung Kong (Holdings) since 1993. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He is also the Group Managing Director of CKI and the President and Chief Executive Officer of CKLS. Mr Kam has been an Executive Director of HWL since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT. Save and except CKA and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Kam acts as Director or senior executive for the purpose of overseeing the management of such businesses. Mr Kam is an Advisor of the 12th Beijing Municipal Committee of the CPPCC of the People’s Republic of China. He holds a Bachelor of Science degree in Engineering and a Master’s degree in Business Administration. Mr Kam is the brother-in-law of Mr Li Ka-shing, Chairman of CKHH and a substantial shareholder of CKHH within the meaning of Part XV of the SFO, and an uncle of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of CKHH.

LAI Kai Ming, Dominic, aged 64, has been an Executive Director and Deputy Managing Director of CKHH since June 2015. Mr Lai has been an Executive Director of HWL since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is a Non-executive Director of HTHKH and a Director of HTAL. He is also an Alternate Director to Directors of HTHKH, HTAL and TOM. The aforementioned companies are either subsidiaries

or associated companies of the Group in which Mr Lai acts as Director for the purpose of overseeing the management of such businesses. Mr Lai has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Edith SHIH, aged 66, has been an Executive Director of CKHH since January 2017. She is also the Company Secretary of CKHH and was the Head Group General Counsel of CKHH from June 2015 to March 2017. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of CKHH. She is a Non-executive Director of HTHKH, Hutchison China MediTech Limited ("Chi-Med") and HPHM as the trustee-manager of HPH Trust. The aforementioned companies are either subsidiaries or associated companies of the Group in which Ms Shih acts as Director for the purpose of overseeing the management of such businesses. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is at present the Senior Vice President and Executive Committee member of the Institute of Chartered Secretaries and Administrators in the UK ("ICSA") and a past President, past council member and current chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries ("HKICS"). She is also the Chairman of the Governance Committee and the Remuneration Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Ms Shih is a panel member of the Securities and Futures Appeals Tribunal and a member of the Process Review Panel for the Financial Reporting Council. She was a member of the Listing Committee and Corporate Governance Sub-Committee of the SEHK, the Standing Committee on Companies Law Reform as well as the Hong Kong Institute of Certified Public Accountants Council. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the ICSA and HKICS. She holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines and a Master of Arts degree and a Master of Education degree from Columbia University, New York.

CHOW Kun Chee, Roland, aged 80, has been a Non-executive Director of CKHH since January 2015. He has been a Director of Cheung Kong (Holdings) since 1993 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. He was an Independent Non-executive Director of Cheung Kong (Holdings) prior to his re-designation as a Non-executive Director of Cheung Kong (Holdings) in September 2004. Mr Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. He holds a Master of Laws degree from the University of London. Mr Chow is a cousin of Mr Leung Siu Hon, a Non-executive Director of CKHH. Mr Chow is a director of certain substantial shareholders of CKHH within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of CKHH.

CHOW WOO Mo Fong, Susan, aged 64, has been a Non-executive Director of CKHH since January 2017. She was an Executive Director and Group Deputy Managing Director of CKHH from June 2015 to July 2016, Senior Advisor of CKHH from August 2016 to December 2016, Executive Director of HWL from October 1993 to June 2015, Deputy Group Managing Director of HWL from January 1998 to June 2015 and Director of HWL from June 2015 to July 2016. Prior to joining HWL, Mrs Chow was a partner of Woo, Kwan, Lee & Lo, a major law firm in Hong Kong. Mrs Chow is an Alternate Director to Directors of CKI, HKEIML as the trustee-manager of HKEI, and HKEIL. She previously served as a member of the Listing Committee of the SEHK, the Joint Liaison Committee on Taxation of the Law Society of Hong Kong, the Committee on Real Estate Investment Trusts of the Securities and Futures Commission, the Trade and Industry Advisory Board, the Court of the Hong Kong University of Science and Technology and the Appeal Boards Panel (Education). Mrs Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP, aged 81, has been a Non-executive Director of CKHH since January 2015. Mr Charles Lee has been a Non-executive Director of Cheung Kong (Holdings) since 2013 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. He was a Director of Cheung Kong (Holdings) during the period from August 1972 to March 1997. Mr Charles Lee has also been a Non-executive Director of HWL since 2013 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the President, Chairman of the Board and a Vice Patron of The Community Chest of Hong Kong as well as a member of the Board of Governors of Our Hong Kong Foundation. Mr Charles Lee is one of the founders of the solicitor's firm Woo, Kwan, Lee & Lo, a major law firm in Hong Kong. He holds a Master's degree in law and is a qualified solicitor in both Hong Kong

and the UK. He was awarded the degree of Doctor of Laws honoris causa by The Hong Kong University of Science and Technology, the degree of Doctor of Business Administration by The Hong Kong Polytechnic University and the degree of Doctor of Social Sciences, honoris causa by the University of Hong Kong and The Open University of Hong Kong respectively. Mr Charles Lee is also a qualified accountant and a chartered secretary.

LEUNG Siu Hon, aged 86, has been a Non-executive Director of CKHH since January 2015. He has been a Director of Cheung Kong (Holdings) since 1984 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. He was an Independent Non-executive Director of Cheung Kong (Holdings) prior to his re-designation as a Non-executive Director of Cheung Kong (Holdings) in September 2004. Mr Leung holds a B.A. Law (Honours) (Southampton) degree, and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001 and appointed by the Northwest University of Politics & Law, China to the post of Adjunct Professor in May 2014. Mr Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the People's Republic of China. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr Leung is a cousin of Mr Chow Kun Chee, Roland, a Non-executive Director of CKHH.

George Colin MAGNUS, OBE, BBS, aged 82, has been a Non-executive Director of CKHH since January 2015. He acted as an Executive Director of Cheung Kong (Holdings) since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. He has been a Non-executive Director of Cheung Kong (Holdings) since November 2005 until his resignation in June 2015. Mr Magnus has been an Executive Director of HWL since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He served as Deputy Chairman of HWL from 1984 to 1993. He is also a Non-executive Director of CKI, an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL, and a Director (independent) of Husky Energy. Mr Magnus holds a Master's degree in Economics.

KWOK Tun-li, Stanley, aged 91, has been an Independent Non-executive Director of CKHH since January 2015 and a member of the Audit Committee of CKHH since March 2015. He was a member of the Remuneration Committee of CKHH from March 2015 to June 2015. He has been a Director of Cheung Kong (Holdings) since 1989 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. Mr Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. Mr Kwok is a Director (independent) of Husky Energy. He is also presently a Director of Amara Holdings Inc., Element Lifestyle Retirement Inc. and Stanley Kwok Consultants Inc.

CHENG Hoi Chuen, Vincent, GBS, OBE, JP, aged 69, has been an Independent Non-executive Director and a member of both the Audit Committee and the Remuneration Committee of CKHH since June 2015. He has been an Independent Non-executive Director of HWL since 2014 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is an Independent Non-executive Director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, Hui Xian Asset Management Limited as manager of Hui Xian REIT, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited and Wing Tai Properties Limited. Mr Cheng joined The Hongkong and Shanghai Banking Corporation Limited in 1978 of which he became Chief Financial Officer in 1994, General Manager and an Executive Director in 1995 and Chairman from 2005 to 2010. He was also the Chairman of HSBC Bank (China) Limited from 2007 to 2011, an Executive Director of HSBC Holdings plc from 2008 to 2011 and an adviser to the Group Chief Executive of HSBC Holdings plc from 2011 to 2012. In 2008, Mr Cheng was appointed as a member of the 11th National Committee of the CPPCC of the People's Republic of China and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC of the People's Republic of China. Mr Cheng's previous government advisory roles include being a member of the Executive Council (the Hong Kong government's highest policy-making body) from 1995 to 1997, Hong Kong Affairs Adviser to the People's Republic of China from 1994 to 1997 as well as a member of the Legislative Council of the Hong Kong Government from 1991 to 1995. In 2005, Honorary Doctorates of Social Science and of Business Administration were conferred on Mr Cheng by The Chinese University of Hong Kong and The Open University of Hong Kong respectively. Mr Cheng holds a Bachelor of Social Science degree in Economics and a Master of Philosophy degree in Economics.

The Hon Sir Michael David KADOORIE, GBS, Commandeur de la Légion d'Honneur, Commandeur de l'Ordre des Arts et des Lettres, Commandeur de l'Ordre de la Couronne, Commandeur de l'Ordre de Leopold II, aged 76, has been an Independent Non-executive Director of CKHH since June 2015. He has been a Director of HWL since 1995 until his resignation in July 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited.

LEE Wai Mun, Rose, JP, aged 65, has been an Independent Non-executive Director of CKHH since June 2015. She has been an Independent Non-executive Director of HWL since 2012 until her resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. She is also an Independent Non-executive Director and a member of the Remuneration Committee of Swire Pacific Limited, Chairman of the Board of Governors and of Nomination Committee for appointment of Council Members as well as Chairman of the Nomination Committee for appointment of Governors and Board Committee Chairmen/Members of Hang Seng Management College, Chairman of the Board of Directors of Hang Seng School of Commerce, Board Member of The Community Chest of Hong Kong as well as Deputy Chairman and a member of its Executive Committee and Nominating Committee respectively, Executive Vice-chairman of the Finance Professional Committee of Guangdong's Association for Promotion of Cooperation between Guangdong, Hongkong & Macao, Vice President of The Hong Kong Institute of Bankers, Vice-chairman of the Inaugural Financial Consulting Committee for Authority of Qianhai Shenzhen — Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Consulting Committee of Qianhai & Shekou Area of Shenzhen, China (Guangdong) Pilot Free Trade Zone, and Qianhai Shenzhen — Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Advisory Committee of the New College of Jockey Club Student Village III of the University of Hong Kong and a member of the Court of The Hong Kong University of Science and Technology. Ms Lee was previously an Executive Director, Vice-chairman and Chief Executive of Hang Seng Bank Limited and Group General Manager of HSBC Holdings plc. Ms Lee is a Fellow of The Hong Kong Institute of Bankers. She holds a Bachelor's degree in Business Administration.

William Elkin MOCATTA, aged 65, has been an Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of CKHH, since June 2015. He has been an Alternate Director to The Hon Sir Michael David Kadoorie, former Independent Non-executive Director of HWL, since 1997 until he ceased to be an Alternate Director in July 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the Chairman of CLP Power Hong Kong Limited, CLP Properties Limited and Castle Peak Power Company Limited. He is also the Vice Chairman of CLP Holdings Limited and a Director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

William SHURNIAK, S.O.M., M.S.M., LLD (Hon), aged 86, has been an Independent Non-executive Director and a member of the Audit Committee of CKHH since June 2015. He has been a Director of HWL since 1984 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. In addition, Mr Shurniak is a Director (independent) and Deputy Chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan, The University of Western Ontario and the University of Regina in Canada. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in 2009, the Queen Elizabeth II Diamond Jubilee Medal by the Lieutenant Governor of Saskatchewan in 2012 and the Meritorious Service Medal by Governor General of Canada in 2016.

WONG Chung Hin, CBE, JP, aged 84, has been an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee of CKHH since June 2015. He has been a Director of HWL since 1984 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. Mr Wong is an Independent Non-executive Director of Power Assets. He is a solicitor.

WONG Yick-ming, Rosanna, DBE, JP, aged 65, has been an Independent Non-executive Director of CKHH since January 2015 and the Chairman of the Remuneration Committee of CKHH since March 2015. She has been an Independent Non-executive Director of Cheung Kong (Holdings) since 2001 until her resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by CKHH in March 2015. She was previously an Alternate Director of CKHH and Cheung Kong (Holdings). She is currently a member of the 13th National Committee of the CPPCC of the People's Republic of China. She is also a member of The Hong Kong University of Science and Technology Business School Advisory Council and the Advisory Committee of The Jockey Club CPS Limited, and serves as a Global Advisor to Mars, Incorporated. She is an Independent Non-executive Director of

HTHKH and The Hongkong and Shanghai Hotels, Limited, the Senior Advisor of The Hong Kong Federation of Youth Groups (“HKFYG”) and a Director of RJJ Ideas Limited. She was previously the Executive Director of HKFYG, Non-executive Chairman of the Advisory Committee of The Hongkong Bank Foundation and the Independent Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, the University of Hong Kong, The Hong Kong Institute of Education and University of Toronto in Canada.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of the Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Cayman Islands Taxation

The Cayman Islands currently has no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the Notes. Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of a Note and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Issuer.

The Issuer has applied for and received an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, for a period of 20 years from 8 March 2018, no law that is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Issuer or (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes unless they are executed in or brought into the Cayman Islands.

United States Taxation

The Notes will bear a legend to the following effect:

“Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

SUBSCRIPTION AND SALE

Barclays Capital Inc., BNP Paribas, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited and ING Bank N.V. (the “Lead Managers”) have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 10 April 2018 jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.495 per cent. of the principal amount of the Series A Notes and 99.546 per cent. of the principal amount of the Series B Notes, less commissions set out in the Subscription Agreement. The Issuer and the Guarantor have agreed in the Subscription Agreement to indemnify and hold the Lead Managers harmless against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

Each of the Lead Managers understands that the Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

Each of the Lead Managers has represented and agreed that it has offered and sold the Notes, and agreed that it will offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) (the “distribution compliance period”), only in accordance with Rule 903 of Regulation S under the Securities Act (“Regulation S”). Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each of the Lead Managers has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from or through it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of offering and the Closing Date, except in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act.”

Terms used in the above paragraphs have the meanings given to them by Regulation S.

In addition:

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”), each of the Lead Managers (x) has represented that it has not offered or sold, and agreed that during the restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (y) represented that it has not delivered and agreed that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) each of the Lead Managers has represented that it has and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each of the Lead Managers has represented that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains the Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or any successor provision in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code; and

- (d) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, each of the Lead Managers has either (x) repeated and confirmed the representations and agreements contained in sub-paragraphs (a), (b) and (c) on its behalf or (y) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c).

Terms used in the above paragraphs (a) to (d), unless otherwise defined, have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations thereunder, including the D Rules.

United Kingdom

Each Lead Manager has represented and agreed that:

- (i) it has complied with, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to the Notes in, from or otherwise involving, the UK; and
- (ii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

Cayman Islands

Each Lead Manager has represented and agreed that it has not made and will not make (on behalf of the Issuer) any invitation directly or indirectly to the public in the Cayman Islands to subscribe for any Notes.

Hong Kong

Each Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning ascribed to it in the SFO and any rules made under the SFO.

The Netherlands

Each Lead Manager has represented and agreed that unless the relevant terms of the Notes specify that Article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is not applicable, it will not make an offer of the Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of the Notes shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd. ("SIX") or any other stock exchange or other regulated trading facility in Switzerland, and this Offering Circular has been prepared without regard to the disclosure standards for issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or disclosure standards for listing prospectuses under Article 27 et seqq. of the SIX listing rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Accordingly, each Lead Manager has represented and agreed that it has not and will not (i) publicly offer, sell or advertise the Notes directly or indirectly in, into or from Switzerland; and (ii) publicly distribute or otherwise make publicly available in Switzerland this Offering Circular nor any other offering or marketing material relating to the Notes or the offering thereof.

Neither this Offering Circular nor any other offering or marketing material relating to the offering of the Notes, the Issuer, the Guarantor or the Notes have been filed with or approved by any Swiss regulatory authority. In particular, this Offering Circular has not been filed with, and the offer of the Notes will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of the Notes has not been authorised under the Swiss Federal Act on Collective Investment Scheme ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Notes.

Italy

Each Lead Manager has agreed and acknowledged that no application has been made or will be made by any person to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa ("CONSOB") for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy and that no Notes may be offered, sold, delivered or distributed nor any copy of this Offering Circular or any other document relating to the Notes may be distributed in the Republic of Italy. Accordingly, each Lead Manager has represented and agreed that it has not offered, sold, delivered, distributed or made available, and will not offer, sell, deliver, distribute or make available in the Republic of Italy any of the Notes nor any copy of this Offering Circular or any other documents relating to the Notes other than:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Italian Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or
- (b) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Financial Services Act and the relevant implementing regulations (including Regulation no. 11971) applies.

Each Lead Manager has further agreed that any offer, sale or delivery of the Notes or distribution of any copy of this Offering Circular or any other documents relating to the Notes in the Republic of Italy under the preceding paragraphs (a) and (b) shall be made:

- (i) only by banks, investment firms (*imprese di investimento*) or financial institutions in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in the Republic of Italy in accordance with the Italian Legislative Decree No. 385 of 1 September 1993, (as subsequently amended from time to time), the Financial Services Act and the relevant implementing regulations;
- (ii) only to qualified investors (*investitori qualificati*) as set out under paragraph (a) above; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB, the Bank of Italy or other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Lead Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign

Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

No action has been taken by the Issuer, the Guarantor or any of the Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Series A Notes is XS1806124753 and the Common Code for the Series A Notes is 180612475. The ISIN for the Series B Notes is XS1806130305 and the Common Code for the Series B Notes is 180613030.
2. Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, for permission to deal in and the listing of the Notes. However no assurance is made that the application to the SGX-ST or such other stock exchange will be approved. The settlement of the Notes is not conditional on obtaining listing. In connection with such application, each of the Issuer and the Guarantor will use endeavours considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Closing Date (if not already obtained). The Issuer may elect to apply for a de-listing of the Notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than HKFRS in which event the Issuer will use endeavours considered in its sole opinion to be reasonable to it to seek a replacement listing of such Notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organisation for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or such stock exchange would not be, in the opinion of the Issuer, unduly burdensome including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than HKFRS. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavours considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

The Notes will be traded in a minimum board lot size of €200,000 for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

3. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations as may be required in connection with the issue and performance of the Notes, except as disclosed in this Offering Circular. The issue of the Notes was approved by resolutions of the Issuer passed on 10 April 2018, and the giving of the Guarantee of the Notes by the Guarantor was authorised by resolutions of the Guarantor passed on 10 April 2018.
4. Except as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of CKHH since 31 December 2017 and there has been no material adverse change in the financial position or prospects of the Issuer since its date of incorporation.
5. Other than as referred to elsewhere in this Offering Circular, neither the Issuer nor the Guarantor nor any of the Guarantor's subsidiaries is involved in any litigation or arbitration proceedings that if determined adversely to the Issuer, the Guarantor or any of its subsidiaries would, in the aggregate, have a material adverse effect on the consolidated financial position of the Guarantor and the Guarantor's subsidiaries (including the Issuer) taken as a whole, nor is the Issuer, the Guarantor or any of the Guarantor's subsidiaries aware that any such proceedings are pending or threatened.

6. The Issuer has not audited or published, and does not propose to audit or publish, any of its accounts since it is not required to do so under Cayman Islands law. The Issuer is, however, required to keep such accounts and records as are necessary to give a true and fair view of the Issuer's affairs and to explain its transactions.
7. Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Guarantor is required to publish an annual report containing the audited consolidated financial statements of the Guarantor not later than four months after the date upon which the financial period ended. The Guarantor is also required to publish a semi-annual interim report, which should be reviewed by the Guarantor's independent auditor or audit committee, containing the unaudited consolidated financial statements of the Guarantor for the first six months of each financial year not later than three months after the end of that six-month period. The Guarantor does not publish audited interim consolidated nor non-consolidated financial statements.
8. The Notes and Coupons will contain the following legend: "Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
9. The following contracts have been or will be entered into in relation to the issue of the Notes:
 - (a) the Subscription Agreement dated 10 April 2018 between the Issuer, the Guarantor and the Lead Managers;
 - (b) the Agency Agreement to be dated on or about the Closing Date between the Issuer, the Guarantor and the Fiscal Agent;
 - (c) the Guarantee dated to be on or about the Closing Date entered into by the Guarantor; and
 - (d) the Temporary Global Notes and the Permanent Global Notes.
10. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the registered office of the Guarantor:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Memorandum and Articles of Association of the Guarantor;
 - (c) the Agency Agreement (in execution form after the Closing Date);
 - (d) the Guarantee (in execution form after the Closing Date); and
 - (e) the documents referred to in the section entitled "Documents Incorporated by Reference".

GLOSSARY OF CERTAIN TERMS

Aggregates — rock, generally granite, which has been crushed into different sizes for use in the construction industry.

GSM — Global System for Mobile Communications cellular telephone technology.

IDD — International Direct Dial.

km — kilometre.

MHz — megahertz.

MW — megawatt, equal to 1,000 kilowatts.

Post-Panamax — a vessel whose size does not allow it to transit the Panama Canal.

TEU — Twenty foot equivalent unit, which is the amount of cargo that can be shipped in a container 20 feet long by 8 feet wide by 8 feet 6 inches high with a maximum load of 24 tonnes.

UMTS — Universal Mobile Telecommunications Systems.

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