



長江實業(集團)有限公司
CHEUNG KONG (HOLDINGS) LIMITED

stock code: 1



Hutchison Whampoa Limited
和記黃埔有限公司

stock code: 13

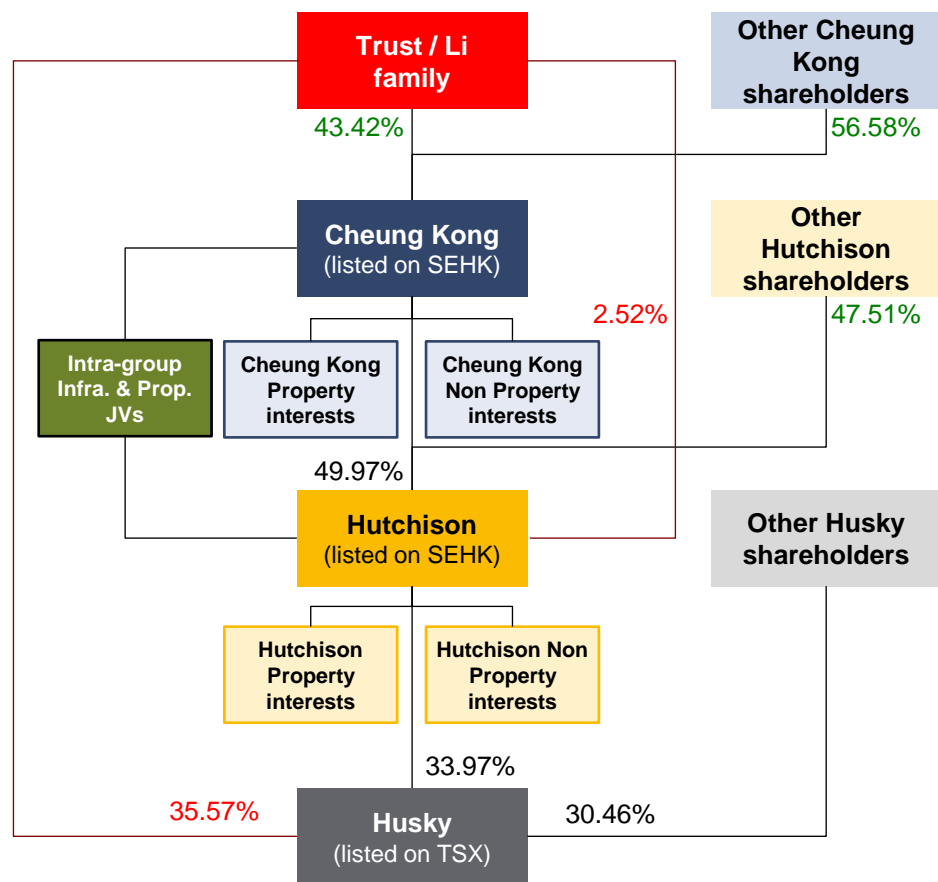
Investor presentation

9 January 2015

This presentation is for information purposes only and is not an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction. This presentation is a brief summary of the proposals outlined in further detail in the joint announcement of Cheung Kong and Hutchison dated 9 January 2015 (the “joint announcement”). The joint announcement contains important information about the proposals and shareholders and investors of Cheung Kong and Hutchison are advised to read the joint announcement in its entirety. The joint announcement is available on the Hong Kong Stock Exchange’s website at www.hkex.com.hk and on each of Cheung Kong's and Hutchison's websites. This presentation uses the same terms as defined in the joint announcement.

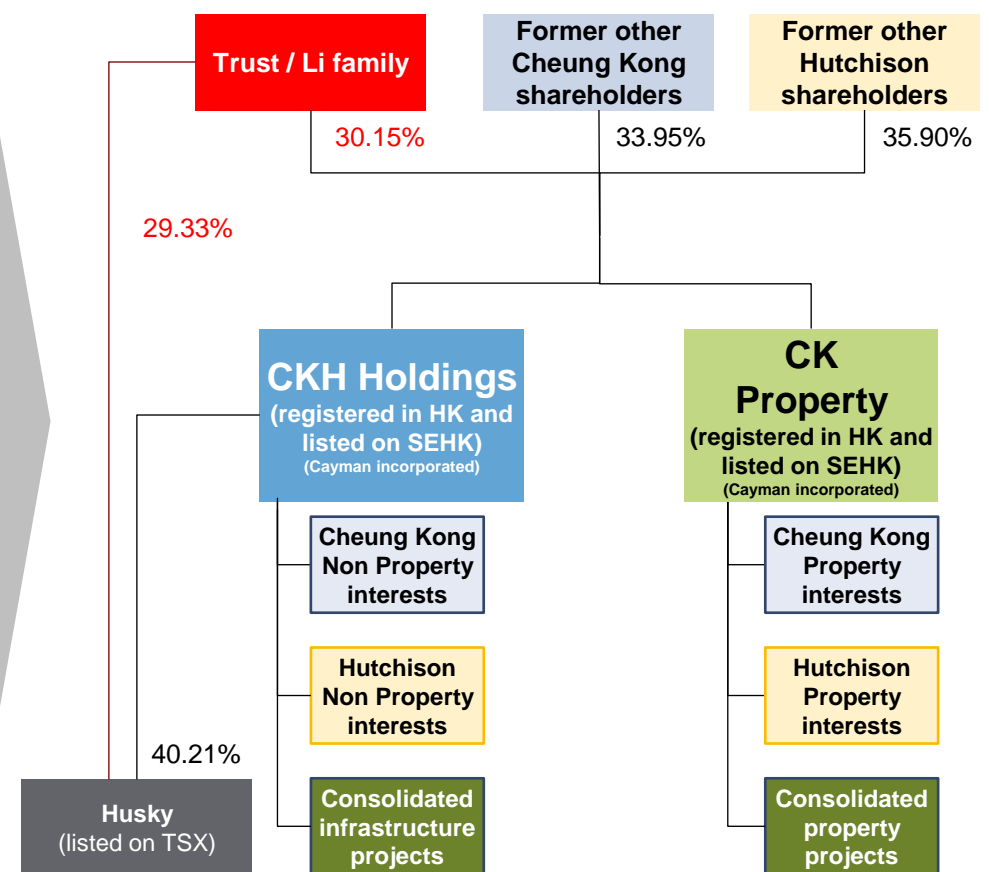
Transaction overview

Pre-transaction



Both Cheung Kong and Hutchison hold their own portfolio of property and infrastructure assets, along with other businesses

Post-transaction⁽¹⁾



Shareholders will receive shares in two new leading Hong Kong-listed companies:

- 1. CKH Holdings – will hold all non-property businesses of both Groups; and**
- 2. CK Property – will hold the property businesses of both Groups**

Notes: Totals may not add due to rounding

(1) Calculated based on the average closing price of Cheung Kong and Hutchison shares for the five trading days up to and including 7 January 2015 and the average closing price of Husky for the five trading days up to and including 6 January 2015

Summary of deal terms

	Other Cheung Kong shareholders	Other Hutchison shareholders	Trust / Li family
Step 1 The Cheung Kong Reorganisation Proposal			
Cheung Kong Reorganisation Proposal	1 CKH Holdings share in exchange for each existing Cheung Kong share	N/A	1 CKH Holdings share in exchange for each existing Cheung Kong share
Step 2 The Merger Proposal and Spin-off Proposal			
Husky Share Exchange (purchase of Trust's 6.24% Husky stake)	N/A	N/A	1.376 new CKH Holdings shares in exchange for each existing Husky share to be acquired, based on the average closing price for the five trading days ⁽¹⁾ with no premium
Hutchison Proposal (scheme of arrangement of Hutchison)	N/A	0.684 new CKH Holdings share in exchange for each existing Hutchison share, based on the average closing price for the five trading days ⁽²⁾ with no premium	
Spin-off Proposal (Spin-off and listing of CK Property)	1 CK Property share for each existing CKH Holdings share ⁽³⁾		

1. The Merger Proposal and the Spin-off Proposal are structured as one package (“all or nothing”)
2. Subject to the obtaining of all required approvals and fulfilment of all conditions precedent, it is expected that all the proposed transactions will be completed around the end of the first half of 2015

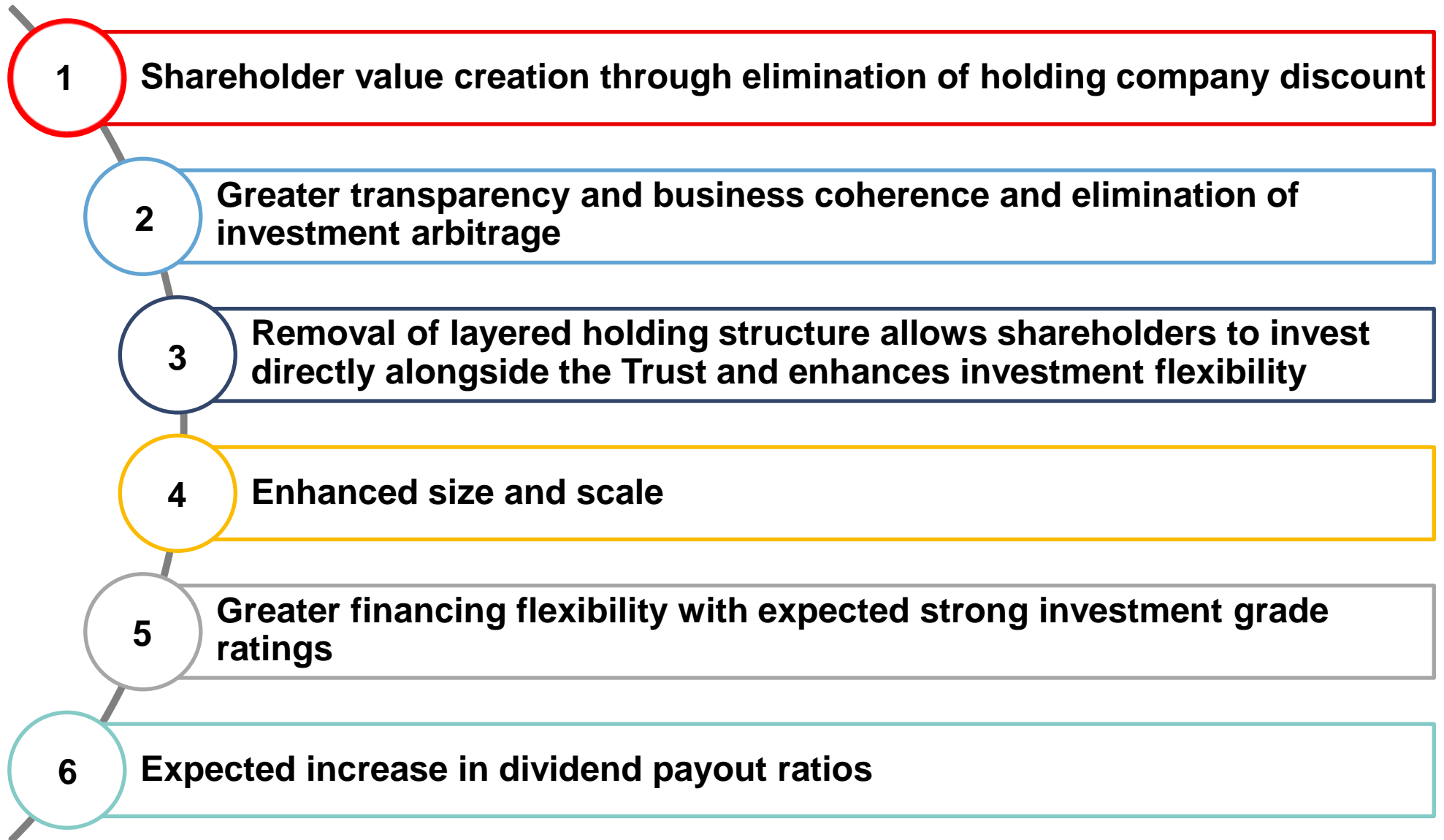
Notes:

(1) Based on the average closing price for the five trading days of Cheung Kong shares up to and including 7 January 2015 of HK\$129.06 and the average closing price for the five trading days of Husky shares up to and including 6 January 2015 of CAD27.01, and an exchange rate of HK\$6.5782 per CAD

(2) Based on the average closing price for the five trading days of Cheung Kong and Hutchison shares up to and including 7 January 2015 of HK\$129.06 and HK\$88.28, respectively

(3) Both existing CKH Holdings shareholders as well as new shareholders who received CKH Holdings shares through the Husky Share Exchange and the Hutchison Proposal are entitled to receive CK Property shares on an one-for-one basis

Strategic benefits to all stakeholders



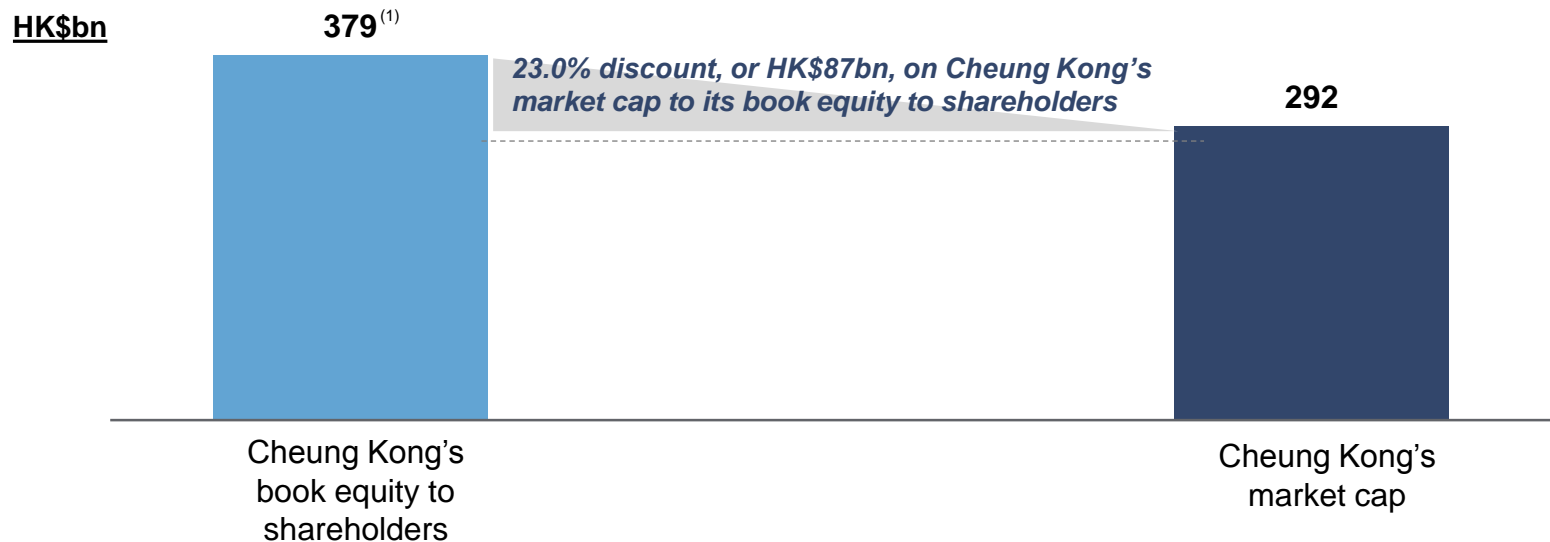
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Shareholder value creation through the elimination of the holding company discount of Cheung Kong's stake in Hutchison

- Eliminates tiered holding structure on Cheung Kong's 49.97% stake in Hutchison as no Hutchison shares will be held indirectly
- Value creation shared by Cheung Kong and Hutchison shareholders

Value creation

- Cheung Kong's market capitalisation is at a 23.0% discount to, or HK\$87bn less than, its book equity to shareholders, which includes its 49.97% stake in Hutchison
- A part of this is attributable to the holding company discount on Cheung Kong's stake in Hutchison, which could be eliminated through the proposed transactions as shareholders will hold the two company shares directly



Notes:
 Market cap as at 7 January 2015
 (1) Book value of equity to shareholders of Cheung Kong as at 30 June 2014

2 Greater transparency and business coherence and elimination of investment arbitrage

- **Clear delineation between CKH Holdings (non-property businesses) and CK Property (a property play)**
- **Clear valuation approach of CKH Holdings (earnings based) and CK Property (net asset value) to potentially enhance value in the future**
- **Aligns CKH Holdings and CK Property with their respective investor bases and eliminate the investment arbitrage that originates from valuation mismatch between Cheung Kong and Hutchison**

Pre-transaction



Post-transaction



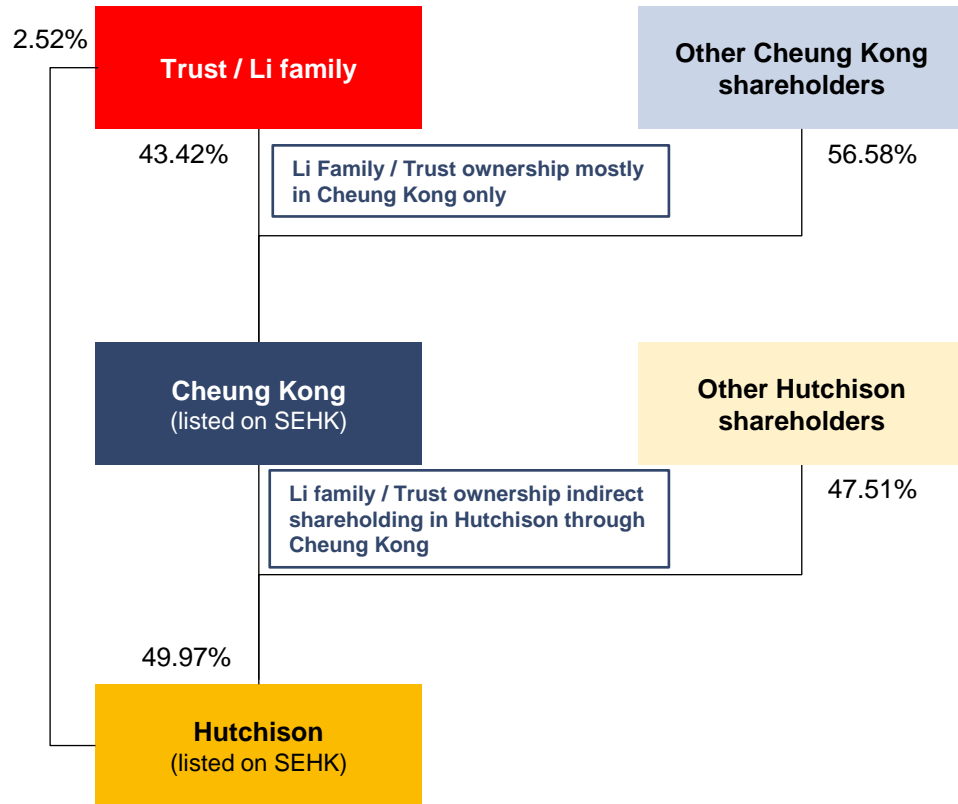
Notes:
 (1) Hutchison holds 78.16% stake in CKI as at 7 January 2015, hence interested in certain JVs with Cheung Kong
 (2) Based on the Husky Share Exchange exchange ratio as shown on page 3

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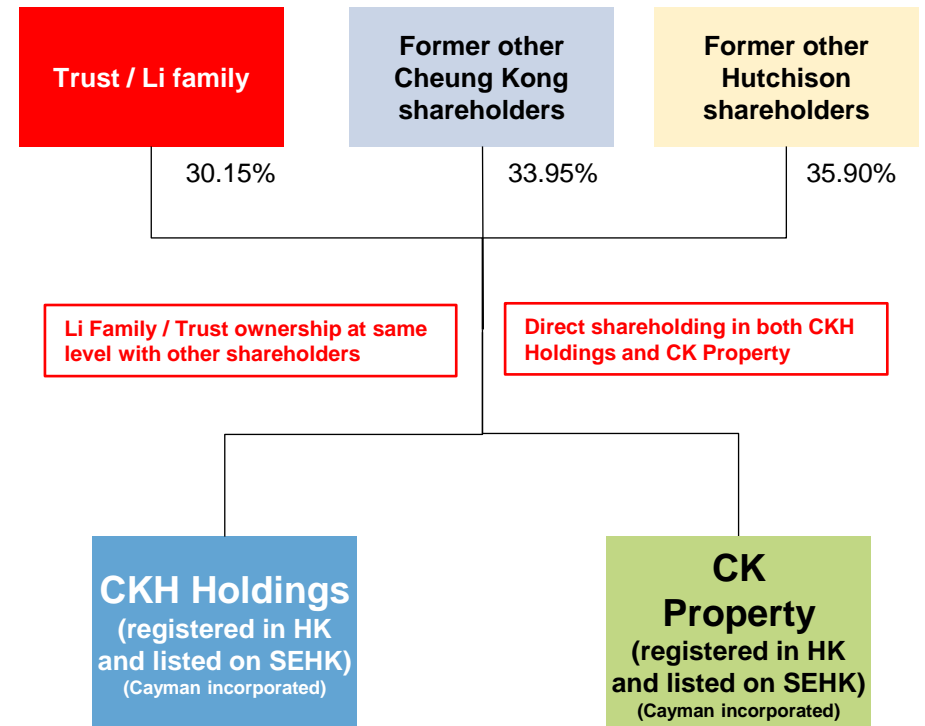
Removal of layered holding structure: (a) allows shareholders to invest directly alongside the Trust and (b) enhances investment flexibility

- (a) Allows shareholders to invest directly in two separate listed vehicles alongside the Trust
 - Trust will be the controlling shareholder of each of CKH Holdings and CK Property
 - The Li family will continue to chair and lead the management of both companies
- (b) Shareholders will have greater flexibility and the choice to adjust their shareholding in CKH Holdings or CK Property according to individual investment objectives and preferences

Pre-transaction



Post-transaction⁽¹⁾



Note:

(1) Based on Husky Share Exchange and Hutchison Proposal exchange ratios as show on page 3

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Enhanced size and scale CK Property

- CK Property will be one of the largest property companies listed in Hong Kong with leading market share in HK, strong penetration in China, as well as international presence
- Diverse mix of development properties, rental properties and hotels

		Revenue ⁽¹⁾ (HK\$bn)		GFA ⁽²⁾⁽³⁾ (sqft)			CK Property
Rental properties		c.2.0	c.4.2	c.4m	c.13m	c.17m	2nd largest HK rental property portfolio amongst HK property peers ⁽⁶⁾
Development properties		Revenue ⁽¹⁾ (HK\$bn)		Landbank ⁽²⁾⁽⁴⁾ (sqft)			
HK				c.8m		c.8m	Top HK / PRC property developer with increasing Chinese operations
Mainland				c.80m	c.77m	c.158m	
Others				c.3m	c.2m	c.5m	
TOTAL		c.27.6	c.15.2	c.91m	c.79m	c.170m	
Hotels		Revenue ⁽¹⁾ (HK\$bn)		Hotel rooms ⁽²⁾⁽⁵⁾ (no.)			No.1 listed hotel owner-operator in Hong Kong ⁽⁷⁾
HK				c.8,710	c.3,440	c.12,150	
Outside HK				c.650	c.1,880	c.2,530	
TOTAL		c.2.4	c.3.0	c.9,360	c.5,320	c.14,680	

Notes: Totals may not add due to rounding

- (1) For FY2013
- (2) As at 30 November 2014
- (3) For rental properties, exclude hotels
- (4) For development properties, excludes agricultural land and projects under planning stages
- (5) On an attributable basis
- (6) In terms of GFA including hotels
- (7) In terms of number of rooms

 Cheung Kong's contribution
 Hutchison's contribution

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Enhanced size and scale

CKH Holdings

CKH Holdings will become a global conglomerate operating in over 50 countries with enhanced scale through (i) the consolidation of infrastructure assets currently co-owned by Cheung Kong and Hutchison and (ii) increased ownership in Husky, becoming the largest shareholder

	From Hutchison ⁽¹⁾	From transactions	CKH Holdings
Telecom	HK\$296bn		Operates in 12 countries/ region across Europe and Asia with a c.77m active customer base ⁽⁶⁾
Ports	HK\$99bn		52 ports in 26 countries ⁽⁵⁾
Retail	HK\$44bn		Over 10,800 stores across 25 markets worldwide ⁽⁶⁾
Infrastructure	HK\$132bn	Consolidate stakes in 5 JVs with CKI ⁽²⁾ <ul style="list-style-type: none"> 1. Northumbrian Water 2. Wales & West Utilities 3. Envestra 4. AVR 5. Park'N Fly 	Streamline co-owned assets, portfolio spanning across 4 continents ⁽⁵⁾
Energy	HK\$52bn	Additional 6.24% stake in Husky <ul style="list-style-type: none"> • c.HK\$10bn⁽³⁾ 	Largest shareholder in one of the biggest integrated Canadian energy producers ⁽⁵⁾
Leasing		Leasing <ul style="list-style-type: none"> • Recently acquired Aircraft Leasing business for c.HK\$20bn⁽⁴⁾ 	60 aircraft acquired, providing long term stable income ⁽⁴⁾
Property	HK\$95bn	<ul style="list-style-type: none"> • Spun-off in the Spin-off Proposal 	

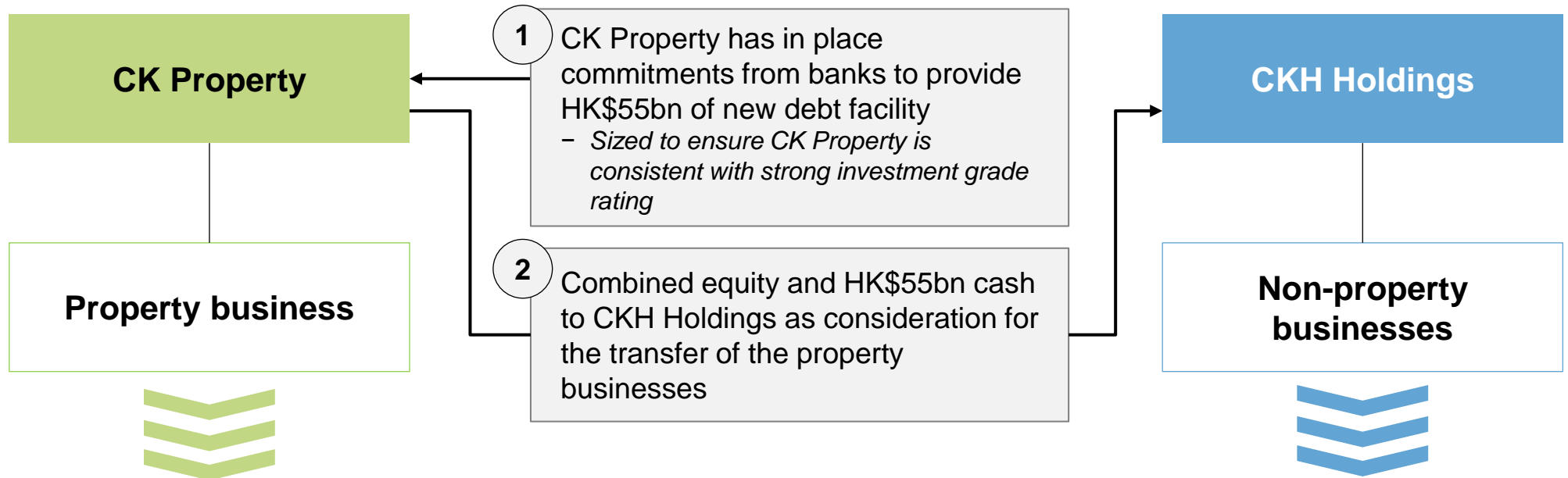
Notes:

1. Total assets as at 30 June 2014
2. See page 11 for further details
3. Calculated as Husky's market capitalisation as at 6 January 2015 of c.CAD25bn * the exchange rate as at 6 January 2015 of HK\$6.5782 per CAD * 6.24%
4. Announced on 4 Nov 2014: Consideration of c.USD1.89bn acquisition of up to 45 aircrafts and c.USD0.73bn acquisition of up to 15 aircrafts through a 60-40 venture with MCAP
5. As at 31 December 2013
6. As of 30 June 2014

5

Greater financing flexibility with expected strong investment grade ratings

- Both CKH Holdings and CK Property are expected to obtain and maintain strong investment grade ratings consistent with Hutchison’s current investment grade ratings, subject to rating agencies’ confirmations
- Not expected to have adverse effect on Cheung Kong or Hutchison creditors as CKH Holdings will either prepay or guarantee existing Cheung Kong Group and Hutchison Group indebtedness guaranteed by Cheung Kong or Hutchison



- New entity with a clean capital structure in place
- Separate fundraising platform as a pure property play

- Larger non-property asset base as compared to Hutchison
- Enhanced liquidity with HK\$55bn of cash from CK Property

Note: The proposals will result in certain financial creditors being entitled to require the repayment or mandatory pre-payment of certain indebtedness of the Cheung Kong Group and the Hutchison Group. The relevant companies have available sufficient resources to effect any such repayment or pre-payment. The proposals are not therefore expected to have any adverse effect on the Cheung Kong Group, the Hutchison Group or their respective creditors.

5 Greater financing flexibility with strong investment grade ratings (cont'd)

- CKH Holdings' credit and cashflow profile remain strong after consolidating five infrastructure assets and increasing its shareholding in Husky



	Infrastructure				Energy	
Business description	Water and sewerage services in UK	Gas distribution networks in UK	One of the largest natural gas distribution in Australia	Largest off-airport car park company in Canada	Largest energy-from-waste company in Netherlands	One of the largest integrated energy company in Canada
Size indicator	Total assets: HK\$50.5bn ⁽¹⁾ (31 Mar 2014)	Total assets: HK\$18.1bn ⁽¹⁾ (31 Mar 2014)	Total assets: HK\$24.7bn ⁽¹⁾ (30 Jun 2014)	Acquisition consideration: HK\$2.5bn	Acquisition enterprise value: HK\$9.7bn	Total assets: HK\$271.7bn ⁽¹⁾ (30 Sep 2014)
Before transaction %						
Cheung Kong	40.00%	30.00%	27.51%	50.00%	35.00%	-
CKI effective ⁽²⁾	40.00%	41.66%	55.66%	50.00%	42.77%	-
Hutchison effective ⁽³⁾	31.26%	32.56%	43.50%	39.08%	33.43%	33.97%
Post transaction %						
CKH Holdings effective ⁽⁴⁾	71.26%	62.56%	71.01%	89.08%	68.43%	40.21%
Transaction effect	Consolidation	Consolidation	Consolidation	Consolidation	Consolidation	Increased dividend contribution due to increased shareholding
Credit rating						
Moody's	Baa1/ Stable	Baa1/ Neg.	A2/ Stable	Not rated	Not rated	Baa2/ Stable
S&P	BBB+/ Stable	Not rated	BBB/ Stable	Not rated	Not rated	BBB+/ Stable

Note: Totals may not add due to rounding

(1) Exchange rate: 1GBP = 12.9052 HK\$ (as at 31 Mar 2014), 1AUD = 7.3010HK\$ (as at 30 June 2014), 1CAD = 6.9572HK\$ (as at 30 Sep 2014)

(2) CKI effective = CKI's direct shareholding + CKI's indirect interest through its 38.87% stake in Power Assets

(3) Hutchison effective = Hutchison's indirect shareholding through 78.16% stake in CKI

(4) CKH Holdings effective = Cheung Kong's interest + Hutchison's effective interest as a result of the Merger Proposal

- **FY2014: Second interim dividend in lieu of final dividend based on full year results**
- **FY2015: Expect dividends to be more than FY2014 levels**
- **FY2016 and after: Expected higher dividend payout ratio than in FY2015**

FY2014 dividend

- Prior to completion of the Merger Proposal, each of Hutchison and Cheung Kong (or, if the the Cheung Kong Reorganisation Proposal has become effective, Hutchison and CKH Holdings) will declare a second interim dividend in lieu of a fiscal year 2014 final dividend based on their respective full year 2014 results

FY2015 dividend ⁽¹⁾

- For fiscal year 2015, if the Merger Proposal and the Spin-off Proposal have become effective, an interim dividend will be declared by CKH Holdings and CK Property at the time of the announcement of their respective interim results and will take account of results of the respective businesses of CKH Holdings and CK Property from 1 January 2015
- Subject to business results for fiscal year 2015, assuming an existing Cheung Kong or Hutchison shareholder continues to hold both the CKH Holdings and CK Property shares received through the Proposals, it is expected that the combined per share dividend CKH Holdings and CK Property will pay in respect of fiscal year 2015 on those shares will be more than the total dividend per Cheung Kong or Hutchison share, as the case may be, paid in respect of fiscal year 2014, excluding any special dividends paid in that year

FY2016 and after ⁽¹⁾

- Going forward from fiscal year 2016, each of CKH Holdings and CK Property will adopt a dividend policy that is consistent with its business profile
- Subject to business conditions and maintenance of CKH Holdings' and CK Property's strong investment grade ratings, such dividend policy is expected to result in a higher dividend payout ratio than that established in fiscal year 2015

Note:

- (1) Assuming existing Cheung Kong and Hutchison shareholders continue to hold both CKH Holdings and CK Property shares after the completion of the Merger Proposal and Spin-off Proposal

Appendix



Proposed Management teams of CKH Holdings and CK Property

- **CKH Holdings and CK Property to be led by existing executives of Cheung Kong and Hutchison**
- **No overlap of non-executive directors or independent non-executive directors between CKH Holdings and CK Property**

CKH Holdings

- **Mr. Li Ka-shing (Chairman)**
- **Mr. Victor Li (Deputy Chairman and Co-Managing Director)**
- **Mr. Canning Fok (Co-Managing Director)**
- **Mrs. Susan Chow**
- **Mr. Edmond Ip**
- **Mr. H.L. Kam**
- **Mr. Dominic Lai**
- **Mr. Frank Sixt**

CK Property

- **Mr. Li Ka-shing (Chairman)**
- **Mr. Victor Li (Deputy Chairman and Managing Director)**
- **Mr. H.L. Kam (Deputy Managing Director)**
- **Mr. Edmond Ip (Deputy Managing Director)**
- **Mr. Davy Chung**
- **Mr. Justin Chiu**
- **Mr. Raymond Chow**
- **Ms. Ezra Pau**
- **Ms. Grace Woo**

Cheung Kong and Hutchison financial figures

<i>Based on FY2013 financials, in HK\$ bn</i>	Cheung Kong	Hutchison
Current market cap (as at 7 January 2015 closing)	291.6	372.0
Income statement		
Revenue	17.0	256.2
EBIT	11.1 ⁽¹⁾	64.6 ⁽³⁾
EBITDA	11.4 ⁽²⁾	95.6 ⁽³⁾
Profit attributable to shareholders	35.3 (15.5 from Hutchison)	31.1
Balance sheet		
Cash & cash equivalent and liquid funds	43.9 ⁽⁴⁾	102.8 ⁽⁵⁾
Total debt	41.9	223.8 ⁽⁶⁾
Net debt / (cash)	(2.0)	121.0 ⁽⁶⁾
Total asset	428.8	815.5
Total equity ⁽⁷⁾	372.8	476.2

Notes: Totals may not add due to rounding

(1) As disclosed in Cheung Kong's 2013 annual report: Group turnover of HK\$17.0bn, plus investment and other income of HK\$4.5bn, less operating costs of HK\$10.7bn and add back interest costs of HK\$0.4bn equals HK\$11.1bn

(2) HK\$11.1bn as calculated in footnote (1) and add back depreciation of HK\$0.3bn as disclosed in Cheung Kong's 2013 annual report equals HK\$11.4bn

(3) As disclosed in Hutchison's 2013 annual report: EBITDA and EBIT include the Group's proportionate share of associated companies' and joint ventures' respective items and adjusted to exclude the non-controlling interests' share of results of HPH Trust

(4) As disclosed in Cheung Kong's 2013 annual report: Bank balances and deposits of HK\$33.2bn, plus investments held for trading of HK\$1.4bn and plus investments available for sale of HK\$9.3bn

(5) As disclosed in Hutchison's 2013 annual report: Cash and cash equivalents of HK\$85.7bn, plus liquid funds and other listed investments of HK\$17.1bn

(6) As disclosed in Hutchison's 2013 annual report to exclude interest bearing loans from non-controlling shareholders

(7) Includes perpetual securities and non-controlling interests

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