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港燈電力投資
HK Electric Investments

*(As constituted pursuant to a deed of trust on 1 January 2014 under the laws of Hong Kong,
the trustee of which is HK Electric Investments Manager Limited.)*

and

港燈電力投資有限公司
HK Electric Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2638)

ANNOUNCEMENT

LAPSE OF OPTION UNDER THE FRAMEWORK AGREEMENT FOR PROPOSED HOTEL DEVELOPMENT

Reference is made to the announcement dated 27 February 2018 (the “**Announcement**”) issued by the Trustee-Manager and the Company in relation to the entering into by HK Electric of the Framework Agreement with CKA for the proposed Hotel Development with CKA. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Pursuant to the Framework Agreement, CKA granted to HK Electric the Option, exercisable in HK Electric’s sole discretion within a period of 3 months from the date of the Framework Agreement, to require CKA to assume all or part of HK Electric’s portion of funding for the Premium Amount in the amount of HK\$113.41 million (the “**Option Funding**”).

The Boards announce that, having taken into account all relevant factors, including that (i) the Option Funding is expected not to result in any material impact on the financial position and cash flow of the Group, and Trust Group’s distribution capabilities can hence be preserved; and (ii) HK Electric will benefit from the Pro Rata Portion of Free Cash Flow as attributed to the Option Funding until the Termination Date (whereupon HK Electric will in any case be entitled to the full extent of the Hotel Development’s return), HK Electric has decided to keep the Option Funding as part of its contribution to the Total Funding Amount and not to exercise the Option. Accordingly, the Option lapsed on 26 May 2018.

Further announcement(s) will be made by the Trustee-Manager and the Company on the developments of the Hotel Development and the transactions as may be entered into by the Trust Group and the CKA Group, as and when appropriate.

By Order of the Boards
HK Electric Investments Manager Limited
and
HK Electric Investments Limited
Alex Ng
Company Secretary

Hong Kong, 28 May 2018

As at the date of this announcement, the directors are:

Executive directors : Mr. FOK Kin Ning, Canning (Chairman) (Mrs. CHOW WOO Mo Fong, Susan as his alternate), Mr. WAN Chi Tin (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. CHEN Daobiao and Mr. CHENG Cho Ying, Francis

Non-executive directors : Mr. LI Tzar Kuoi, Victor (Deputy Chairman) (Mr. Frank John SIXT as his alternate), Mr. Fahad Hamad A H AL-MOHANNADI, Mr. Ronald Joseph ARCULLI, Mr. JIANG Xiaojun, Mr. Deven Arvind KARNIK and Mr. ZHU Guangchao

Independent non-executive directors : Mr. FONG Chi Wai, Alex, Mr. KWAN Kai Cheong, Mr. LEE Lan Yee, Francis, Mr. George Colin MAGNUS, Mr. Donald Jeffrey ROBERTS and Mr. Ralph Raymond SHEA