



## CKH Networks Tower Assets



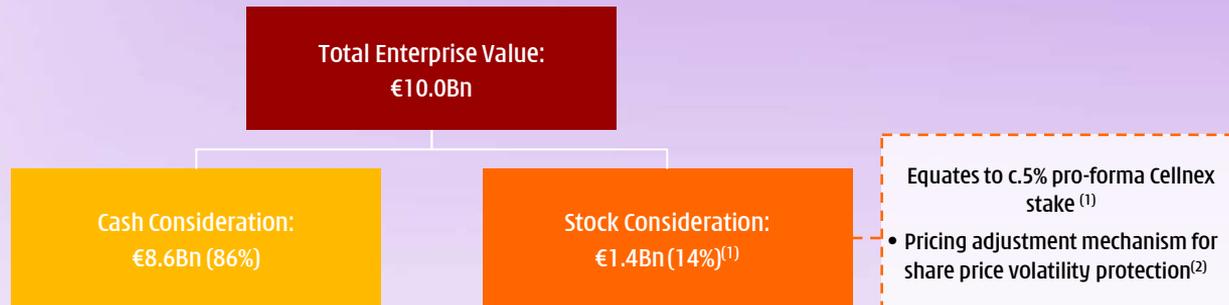
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Transaction  
Consideration  
Summary



Transaction  
Overview

- Sale of CKH Networks, Tower Companies holding interests in approximately 25k<sup>(3)</sup> sites in Austria, Denmark, Ireland, Italy, Sweden and the United Kingdom to Cellnex Telecom, S.A. ("Cellnex")
- **Total consideration of €10.0bn**, comprised of €8.6 billion in cash and €1.4 billion in new Cellnex shares equating to c.5%<sup>(2)</sup> pro-forma stake with 5.0% of the total consideration is attributable to our Telecommunications business partner in Denmark and Sweden
- Long term service contract with Cellnex in each relevant jurisdiction on the provision of passive telecommunication infrastructure services for an initial 15 years period, extendable for an additional 15 years<sup>(4)</sup>
- Strategic partnership includes a new build-to-suit program comprising c.6.7k new sites<sup>(5)</sup> and further initiatives with regards to Small Cells and DAS. This will further strengthen our passive infrastructure and support the accelerated rollout of 5G by our European mobile businesses
- Near term positive cash flow impact to CKHGT and CKHH

(1) Equates to a c.5% stake in Cellnex on an enlarged share capital basis. Issuance of the shares is subject to Cellnex's shareholders' approval. If shareholders do not approve the share issuance, then the stock consideration will be replaced by an equivalent value in cash.

(2) A price adjustment mechanism applies to the number of consideration shares to be issued, thereby setting a ceiling of a 6.17% stake and a floor of a 4.38% stake of Cellnex's enlarged share capital.

(3) The Group's site count for the United Kingdom includes sites for UK Unilateral Assets and the sites either owned by 3UK or 3UK has the right of use ("UK Passive Assets") in the United Kingdom, but excludes sites owned and operated by 3GIS in Sweden. Total sites represents site count as of date of this presentation.

(4) "All or nothing" renewal at the discretion of our European mobile operation in each jurisdiction (except for Austria, where the Master Services Agreement provides for an indefinite term subject to termination rights as agreed).

(5) Estimated new sites rollout over the relevant period of the BTS program.

Consideration Breakdown	 Austria Existing sites: 4.5k BTS commitment: 0.5k	 Denmark Existing sites: 1.3k BTS commitment: 0.6k	 Ireland Existing sites: 1.1k BTS commitment: 0.2k	 Sweden Existing sites: 2.3k <sup>(1)</sup> BTS commitment: 1.6k	 Italy Existing sites: 8.5k BTS commitment: 0.9k	 UK Existing sites: 7.5k <sup>(2)</sup> BTS commitment: 2.9k
	c. €1.1Bn 11% of total	c. €0.4Bn 4% of total	c. €0.6Bn 6% of total	c. €0.8Bn 8% of total	c. €3.3Bn 33% of total	c. €3.7Bn 37% of total
Expected Staggered Closing Schedule	December 2020			January 2021	Q2 2021	End 2021
Closing	<ul style="list-style-type: none"> <li>Disposal of each Tower Company in the six countries is subject to its own terms and conditions, and regulatory approvals where applicable</li> <li>Each Tower Company's closing is independent and is not inter-conditional to the closing of other Tower Companies</li> <li>High confidence that conditions to closing will be fulfilled for all Tower Companies</li> </ul>					

(1) Excludes towers under 3G/5G in Sweden, but option to acquire up to 1,350 sites on dissolution of the JV.

(2) Includes sites for UK Unilateral Assets and reflecting the sites included under UK Passive Assets, of which the economic benefits of these UK Passive Assets will be transferred.

1	Unlock Value	<ul style="list-style-type: none"> <li>• Unlocks the underlying value of the Group's European telecommunications tower assets</li> <li>• The value of which is not fully reflected in the Group's current share price</li> </ul>
2	Better Operational Efficiency	<ul style="list-style-type: none"> <li>• Improves the Group's operational efficiency and results in an overall efficient capital allocation</li> <li>• Transfers the operation and development of the passive tower assets to a dedicated tower operator with proven industrial expertise</li> </ul>
3	Maintain Strategic Focus	<ul style="list-style-type: none"> <li>• Increased strategic focus on developing best-in-class networks and innovative product offerings, while accelerating the rollout of 5G across our networks</li> <li>• Forms a compelling long-term strategic partnership for passive telecoms infrastructure with Cellnex</li> <li>• Invested in a high performing European growth stock with expected foreseeable upside</li> </ul>
4	Capital Gain & Net Proceeds	<ul style="list-style-type: none"> <li>• Realises a very significant capital gain and net proceeds in the form of both cash and marketable securities, which could be used to materially reduce the Group's net financial indebtedness</li> <li>• Subject to the Board's decision at the time, a portion of the proceeds may be allocated to fund on-market share buyback programs. Any such decision will be made taking into account all relevant circumstances and the best interests of CKHH and its shareholders at the time, including negating earnings per share dilution resulting from the transactions. Further announcements in this regard (if applicable) will be made as and when closing of a transaction occurs in 2020 and 2021</li> <li>• Proceeds would reduce CKHH's reported net debt from HK\$206bn to HK\$119bn<sup>(1)</sup></li> </ul>
5	Enhanced Financial Position	<ul style="list-style-type: none"> <li>• Strengthens the Group's financial position to support its future growth and potential M&amp;A opportunities</li> <li>• Near term positive cash flow impact to CKHGT and CKHH from significant reduction in capex from deconsolidation of CKH Networks and interest savings (assuming debt repayment)</li> <li>• Pro-forma, CKHH's reported net debt to net total capital ratio would reduce from 25.1% to 14.9%<sup>(1)</sup></li> </ul>

(1) For illustrative purpose, based on pre-IFRS 16 net debt to net total capital ratio as of 30 June 2020, adjusted for total proceeds of €9.5bn (HK\$87bn) excluding proceeds attributable to Investor AB, with all cash consideration assumed to be used for the reduction of net financial indebtedness and adjusted for estimated capital gain from the disposal of CKH Networks as if the transaction took place on 30 June 2020. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.