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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0001)

CONNECTED TRANSACTION

**SUBSCRIPTION FOR SHARES
AND
FORMATION OF JOINT VENTURE**

Reference is made to the Announcement in relation to, among other things, the Subscription by Harrier Global.

On 27 January 2015, the Deed of Amendment was entered into by the Company (as guarantor to Harrier Global), Harrier Global, MCAP, JVA, VGL and LKSOF (as guarantor to VGL) to amend the Subscription Agreement by the adoption of the Amended Subscription Agreement, pursuant to which the shareholding structure of the JVA was varied as a result of which VGL, a wholly owned subsidiary of LKSOF, is included as a shareholder. Upon completion of the JVA Subscription, the JVA will be owned as to 50% by Harrier Global, 40% by MCAP and 10% by VGL.

On 27 January 2015, the JVA Shareholders Agreement was entered into by Harrier Global, MCAP, VGL and JVA to regulate, amongst others, the conduct of the business of the JVA Group and the transfer restrictions on its shareholders.

Given that LKSOF may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, directors of the Company, LKSOF is thus a connected person of the Company. Therefore, the entering into of the transactions contemplated under the Deed of Amendment and the Amended Subscription Agreement and the JVA Shareholders Agreement constitutes a connected transaction for the Company under the Listing Rules. As the relevant percentage ratios for the Company in respect of the JVA Subscription and/or the JV Transaction by the Company under the Amended Subscription Agreement and the JVA Shareholders Agreement exceed 0.1% but are less than 5%, the JVA Subscription and the JV Transaction by the Company is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

Reference is made to the Announcement in relation to the acquisitions of aircraft. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Subscription Agreement was entered into on 4 November 2014 for the Subscription by Harrier Global, a wholly owned subsidiary of the Company for a maximum consideration of USD132 million. Pursuant to the Subscription Agreement, Harrier Global and MCAP agreed to subscribe for 60% and 40% of the equity interest of JVA respectively. With a view to leverage on the financial resources of LKSOF, the Company and MCAP agreed to change the shareholding structure of the JVA by including VGL, a wholly owned subsidiary of LKSOF, as a shareholder. Upon completion of the JVA Subscription, the JVA will be owned as to 50% by Harrier Global, 40% by MCAP and 10% by VGL.

DEED OF AMENDMENT

The Deed of Amendment was entered into on 27 January 2015 by the Company (as guarantor to Harrier Global), Harrier Global, MCAP, JVA, VGL and LKSOF (as guarantor to VGL) to amend the Subscription Agreement by the adoption of the Amended Subscription Agreement.

Amended Subscription Agreement

Date: 27 January 2015

Parties: (a) the Company
(b) Harrier Global
(c) MCAP
(d) JVA
(e) VGL
(f) LKSOF

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry (i) MCAP and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and (ii) LKSOF may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, directors of the Company, LKSOF is thus a connected person of the Company.

Subject to the terms and fulfillment of the conditions precedent set out in the Amended Subscription Agreement:

- (1) Harrier Global agreed to subscribe for, and JVA agreed to allot and issue to Harrier Global, JVA Shares which shall represent 50% of the equity interest of JVA, for an aggregate maximum consideration of approximately USD110 million;
- (2) MCAP agreed to subscribe for, and JVA agreed to allot and issue to MCAP, JVA Shares which shall represent 40% of the equity interest of JVA, for an aggregate maximum consideration of approximately USD88 million; and
- (3) VGL agreed to subscribe for, and JVA agreed to allot and issue to VGL, JVA Shares which shall represent 10% of the equity interest of JVA, for an aggregate maximum consideration of approximately USD22 million.

Immediately after the JVA Completion, Portfolio Holding Company will enter into an agreement to purchase the entire issued share capital of the Initial Portfolio Company, which prior to the JVA Completion, is a wholly-owned subsidiary of MCAP and/or its affiliate. The Initial Portfolio Company will acquire from MCAP and/or its affiliates the legal and/or beneficial title and/or the interest under any trust agreement in respect of up to fifteen MCAP Aircraft, together with novation or assignment of the current leases and assumption in respect of each of the MCAP Aircraft pursuant to the MCAP Aircraft Sale Agreements, namely the MCAP ASA and the MCAP BISA. Details of the MCAP ASA and MCAP BISA were disclosed in the Announcement.

The MCAP Aircraft comprise eight Airbus A320-200 aircraft, five Boeing 737-800 aircraft, one Boeing 787-8 aircraft and one Boeing 777-300ER aircraft.

Consideration Payable for the JVA Subscription and Payment Terms

The consideration payable by Harrier Global, MCAP and VGL for the JVA Subscription was based on the proportion of interests to be acquired by them in the JVA and was determined after arm's length negotiations between the parties taking into consideration the factors as mentioned in the Announcement.

Upon JVA Completion, Harrier Global, MCAP and VGL shall pay a portion of the total consideration payable by them under the JVA Subscription to JVA, taking into account the aggregate value of the MCAP Aircraft already acquired by the Initial Portfolio Company, and the aggregate amount to be drawn down under the Facility Agreement in respect of such acquired MCAP Aircraft at the time of JVA Completion.

The balance of the consideration payable by Harrier Global, MCAP and VGL shall be payable by them to the JVA from time to time to fund their respective portions of the funds required by the Initial Portfolio Company to purchase MCAP Aircraft after JVA Completion under the relevant MCAP Aircraft Sale Agreements. At JVA Completion and for each subsequent payment of consideration to JVA in accordance with the Subscription Agreement, Harrier Global, MCAP and VGL shall advance 50%, 40% and 10% respectively, of the amount to be paid.

The consideration payable by Harrier Global to JVA will be funded by internal resources within the Group.

Historical profit and book value information in relation to the MCAP Aircraft has not been made available to the Company.

Consideration and Price Adjustment for the MCAP Aircraft:

As mentioned in the Announcement, the aggregate base purchase price under the MCAP Aircraft Sale Agreements is expected to be approximately USD733,500,000, subject to adjustment. On the relevant MCAP Sale Completion Date, the Initial Portfolio Company shall pay to the relevant seller the purchase price of the MCAP Aircraft. The acquisition of the MCAP Aircraft by the Initial Portfolio Company will be funded by (i) funds of up to a maximum of approximately USD220 million received from Harrier Global, MCAP and VGL pursuant to the Amended Subscription Agreement, and (ii) the Facility extended by a consortium of international financial institutions to the Initial Portfolio Company pursuant to the terms of the Facility Agreement.

Conditions Precedent and Completion:

The conditions precedent for the JVA Completion have not been changed by the Amended Subscription Agreement and JVA Completion is conditional upon the following conditions, among others, being satisfied or waived in accordance with the Amended Subscription Agreement:

- (1) MCAP and/or its affiliates having transferred to the Initial Portfolio Company MCAP Aircraft with an aggregate base purchase price of at least USD500 million;
- (2) the Facility Agreement having been entered into by all of the parties thereto and all conditions precedent under the Facility Agreement to the utilisation of the first loan under the Facility having been satisfied or (where capable of waiver) waived in accordance with the Facility Agreement and the Facility being available for drawing on JVA Completion; and
- (3) the issuance of decisions by or approvals from the relevant regulatory authorities (including the European Commission and the Chinese Ministry of Commerce) relating to the Subscription Agreement and the documents ancillary to and contemplated by the Subscription Agreement having been obtained by the parties.

All the conditions precedent for the JVA Completion had been satisfied and the JVA Completion has taken place on 27 January 2015.

Guarantee to MCAP

Under the Amended Subscription Agreement:

- (1) the Company guarantees to MCAP the due and punctual performance of each obligation of Harrier Global contained in the Amended Subscription Agreement and the related documents contemplated thereunder; and
- (2) LKSOF guarantees to MCAP the due and punctual performance of each obligation of VGL contained in the Amended Subscription Agreement and the related documents contemplated thereunder.

MAJOR TERMS OF THE JVA SHAREHOLDERS AGREEMENT

On 27 January 2015, the JVA Shareholders Agreement was entered into by Harrier Global, MCAP, VGL and JVA to regulate, amongst others, the conduct of the business of the JVA Group and the transfer restrictions on its shareholders. The major terms of the JVA Shareholders Agreement comprise the following:

Additional Funding

Any additional funding for the acquisition of aircraft (other than the consideration payable for the JVA Subscription) shall be funded in accordance with the proportion of equity interests of the JVA Shareholders.

Board composition

The JVA Board shall consist of up to six directors. Each of the JVA Shareholders shall be entitled to appoint the number of directors in accordance with the terms of the JVA Shareholders Agreement, which is basically determined by their respective shareholding interests in the JVA. According to the existing shareholding structure, Harrier Global shall be entitled to appoint three directors and MCAP shall be entitled to appoint two directors to the JVA Board.

The quorum for the transaction of business at any meeting of the JVA Board shall be at least one director appointed by each of Harrier Global and MCAP.

Shareholders' meeting

The quorum for any shareholders' meeting of the JVA shall be two shareholders present in person or by proxy.

Dividend and distribution

Profits available for distribution will be distributed by way of dividend to the JVA Shareholders according to their respective equity interests in the JVA at the relevant time.

Reserved matters

It is provided for in the JVA Shareholders Agreement that the following matters shall be approved by votes representing not less than 90% of the all the JVA Shares in issue:

- (1) revising the list of jurisdictions that are prohibited from performing services by the JVA Group;
- (2) variation of share capital structure of the JVA Group;
- (3) amending its articles of association or change of name of any member of JVA Group or amending the dividend policy;
- (4) winding up, amalgamation, demerger, merger, corporate reconstruction or consolidation of any member of JVA Group;
- (5) material change in the nature of the business of the JVA Group;
- (6) entering into transaction by any member of JVA Group with any of the JVA Shareholders or any person connected with any of them;
- (7) removal or appointment of auditors of any member of the JVA Group;
- (8) seeking listing or initial public offering of whole or any part of any member of the JVA Group; and
- (9) entering into or termination of any joint venture or partnership by any member of the JVA Group.

Restriction on shares and exit

It is provided in the JVA Shareholders Agreement that transfer of JVA Shares by any JVA Shareholder shall be allowed if consents from other JVA Shareholders are obtained and such shares are subject to pre-emptive rights. In addition, no JVA Shareholder shall create any encumbrance over, trust on or confer any interest in any of the JVA Shares or enter into any arrangement in respect of the vote or rights to receive dividends or any other rights attached to any JVA Shares.

Event of default

Upon the occurrence of:

- (1) an event materially and adversely affects the assets, undertaking or existence of any JVA Shareholder, such as winding up or appointment of receiver to any of the JVA Shareholder;
- (2) the respective shareholders of each of Harrier Global, MCAP and VGL ceases to control 50% of the issued share capital of or the voting rights of them (as the case may be);
- (3) the acquisition (directly or indirectly) of any number of any class of shares or securities of any entity who carries on the business as an operating lessor of aircraft that will provide any JVA Shareholder with control of more than 50% of the issued share capital or voting rights of that entity; and
- (4) any material breach of the JVA Shareholders Agreement by any JVA Shareholder which (if capable of remedy) is not remedied within ten business days of the defaulting shareholder being notified in writing of the breach,

the JVA Shareholder in default shall serve notice to other JVA Shareholders. If Harrier Global or VGL is in default, MCAP shall have a right to purchase all the JVA Shares held by Harrier Global and VGL or require Harrier Global to purchase all the JVA Shares held by MCAP. If MCAP is in default, Harrier Global and VGL shall have a right to purchase all the JVA Shares held by MCAP or require MCAP to purchase all the JVA Shares held by Harrier Global and VGL.

Duration of the JVA Shareholders Agreement

The JVA Shareholders Agreement shall terminate and cease to have any further effect upon (i) termination by the JVA Shareholders, (ii) all JVA Shares are owned by one JVA Shareholder, or (iii) the passing of the special resolutions to wind up the JVA. The JVA Shareholders Agreement shall cease to have any effect on any JVA Shareholder who ceases to hold any JVA Shares.

INFORMATION ON THE PARTIES INVOLVED IN DEED OF AMENDMENT

The principal business activities of the Group comprise: (i) property development and investment, hotels and serviced suites operation, property and project management, and (ii) investment in infrastructure business and securities. The Group has a 49.97% shareholding interest in Hutchison Whampoa Limited.

Harrier Global is a wholly-owned subsidiary of the Company and is incorporated in the British Virgin Islands. The principal activities of Harrier Global is investment holding.

VGL is a wholly-owned subsidiary of LSKOF and is incorporated in the British Virgin Islands. The principal activities of VGL is investment holding.

LKSOF is a charitable organization established by Mr. Li Ka-shing to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. LKSOF makes selective investment in quality projects both in Hong Kong and overseas from time to time to increase capital return for its charitable objectives.

To the knowledge of the Directors, MCAP is principally engaged in the business of purchasing, leasing, marketing and servicing of primarily commercial aircraft. Upon JVA Completion, the JVA will be principally engaged in purchasing, leasing, marketing and servicing of primarily commercial aircraft, and will be accounted for as a joint venture in the Company's consolidated financial statements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AMENDED SUBSCRIPTION AGREEMENT AND THE JVA SHAREHOLDERS AGREEMENT

As disclosed in the Announcement, the Directors consider that the acquisitions of aircraft aligns with the Group's core strategic objective to maximize shareholder value by driving long-term sustainable growth of its business and represents the Group's commitment to nurture new growth through diversification and globalization. The aircraft leasing business will generate long-term steady income for the Group. The Company entered into the Deed of Amendment, the Amended Subscription Agreement and the JVA Shareholders Agreement with a view to leverage on the financial resources of LKSOF.

The Board (including the independent non-executive Directors) is of the view that the Deed of Amendment, the Amended Subscription Agreement and the JVA Shareholders Agreement, and the transactions contemplated thereunder were negotiated on an arm's length basis between the parties and are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director has a material interest in the Deed of Amendment, the Amended Subscription Agreement and the JVA Shareholders Agreement, and is required to abstain from voting to approve any of them.

IMPLICATIONS UNDER THE LISTING RULES

Given that LKSOF may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, directors of the Company, LKSOF is thus a connected person of the Company. Therefore, the entering into of the transactions contemplated under the Deed of Amendment, the Amended Subscription Agreement and the JVA Shareholders Agreement constitutes a connected transaction for the Company under the Listing Rules. As the relevant percentage ratios for the Company in respect of the JVA Subscription and/or the JV Transaction by the Company under the Amended Subscription Agreement and the JVA Shareholders Agreement exceed 0.1% but are less than 5%, the JVA Subscription and the JV Transaction by the Company is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Amended Subscription Agreement”	the amended subscription agreement entered into between Harrier Global, the Company, VGL, LKSOF, MCAP and JVA on 27 January 2015 in relation to the subscription of JVA Shares
“Announcement”	the announcement of the Company dated 4 November 2014 in relation to, among other things, the Subscription by Harrier Global
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Deed of Amendment”	the deed of amendment entered into on 27 January 2015 by the Company, Harrier Global, MCAP, JVA, VGL and LKSOF (as guarantor to VGL) to amend and restate the Subscription Agreement by the adoption of the Amended Subscription Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Transaction”	the entering into of the JVA Shareholders Agreement by the parties thereto in relation to JVA and all the transactions contemplated thereunder
“JVA”	Vermillion Aviation Holdings Limited (formerly known as JV Aviation (HK) Limited), a company incorporated in Hong Kong
“JVA Board”	the board of directors of JVA from time to time
“JVA Completion”	the completion of the subscription by Harrier Global, MCAP and VGL for, and issue of, the JVA Shares in accordance with the Amended Subscription Agreement
“JVA Group”	JVA and its subsidiaries
“JVA Share(s)”	the share(s) of US\$1.00 each in the issued share capital of JVA
“JVA Shareholders”	the shareholders of JVA, being Harrier Global, MCAP and VGL upon JVA Completion, and JVA Shareholder shall mean any of them
“JVA Shareholders Agreement”	the shareholders agreement entered into on 27 January 2015 between Harrier Global, MCAP, VGL and JVA
“JVA Subscription”	the subscription of JVA Shares by Harrier Global, MCAP and VGL
“LKSOF”	Li Ka Shing (Overseas) Foundation, a company limited by guarantee and incorporated in the Cayman Islands

“VGL” Vermilion Global Limited, a wholly owned subsidiary of LKSOF and incorporated in the British Virgin Islands

“%” per cent

By Order of the Board
CHEUNG KONG (HOLDINGS) LIMITED
Eirene Yeung
Company Secretary

Hong Kong, 27 January 2015

As at the date of this announcement, the Directors (*Note*) of the Company are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin Ning, Canning, Mr. Frank John SIXT, Mr. CHOW Kun Chee, Roland, Mr. George Colin MAGNUS and Mr. LEE Yeh Kwong, Charles as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna (*also Alternate Director to Mr. Simon MURRAY*) and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

Note: Other than Chairman, Managing Director and Deputy Managing Directors, order by date of appointment, and in the case of Non-executive Directors (“NED”) / Independent Non-executive Directors (“INED”), order by date of appointment as NED / INED.