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Hutchison Whampoa Limited 

(Incorporated in Hong Kong with limited liability)
(Stock Code: 13)

CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE BY A SUBSIDIARY

On 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong), CKH, CKI (a subsidiary of the Company), CKICL, CFL and the JV Company entered into the Shareholders' Agreement in relation to the JV Company.

On 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong), the Vendors, the Purchaser, CKH and CKI, both as guarantors to the Purchaser, entered into the Asset Purchase Agreement in respect of the Acquisition.

Given that CKH is a connected person of the Company by virtue of it being a substantial shareholder of the Company at the issuer's level, the entering into of the Shareholders' Agreement by CKI constitutes a connected transaction for the Company under the Listing Rules. As one or more of the relevant percentage ratios represented by the size of CKI's financial commitment in respect of the JV Company is or are more than 0.1% but less than 5%, the JV Transaction is exempt from the independent shareholders' approval requirement and is only subject to the reporting and announcement requirements set out in the Listing Rules for the Company.

MAJOR TERMS OF THE JV TRANSACTION

Funding

Funding to the JV Company will be by way of a combination of equity and shareholders' loans from each of CKH and CKI, acting through one or more of their respective subsidiaries, on a 50:50 basis pro rata to their respective equity interests in the JV Company. It is contemplated that the cash to be funded by CKI will be financed by internal resources.

Funding commitment

Based on the acquisition consideration, the estimated costs and expenses associated with the Transactions and the working capital requirements of the JV Company, the aggregate funding to the JV Company committed by each of CKH Group and CKI Group under the Shareholders' Agreement will in no circumstances exceed CAD198,750,000

(approximately HK\$1,419,134,625) comprising (i) an amount up to CAD181,977,500 (approximately HK\$1,299,373,943.25) in respect of the Acquisition, and (ii) an amount up to CAD16,772,500 (approximately HK\$119,760,681.75) in respect of the potential acquisition of the undertaking and assets of the “Park’N Fly” business in Vancouver of Canada as detailed under the section headed “Information on the Assets” of this announcement.

The aggregate funding commitment of CKH Group and CKI Group to the JV Company will hence be up to CAD397,500,000 (approximately HK\$2,838,269,250).

Shareholding and shareholders’ loans

On or prior to completion of the respective acquisitions, each of CKH and CKI, through one or more of their respective subsidiaries, will subscribe for shares in the capital of the JV Company representing 50% of the total issued share capital of the JV Company and advance shareholder’s loan to the JV Company on a 50:50 basis pro rata to their respective equity interests in the JV Company.

Subject to the completion of the JV Transaction, the JV Company will be accounted for as a joint venture of each of CKH and CKI in their respective consolidated financial statements.

Board composition

Each of CKH and CKI will be entitled (but not obliged) to appoint one director of the JV Company in respect of each complete 10% of the shares of the JV Company which it, directly or indirectly, owns. Accordingly, the JV Company shall have up to ten directors, and as at the date of the Shareholders’ Agreement, each of CKH and CKI has appointed two directors to the board of directors of the JV Company.

The quorum for the transaction of business at any board meeting of the JV Company shall be at least one director appointed by each of CKH and CKI having the right to appoint a director and which has exercised that right.

Dividend distribution

Profits or cash (whichever is lower) available for distribution will be distributed to CKH and CKI (through one or more of their respective subsidiaries) on a 50:50 basis pro rata to their respective equity interests in the JV Company.

Reserved matters

It is provided for in the Shareholders’ Agreement that the Shareholders shall exercise their respective rights and powers in respect of the JV Group so as to procure that no member of the JV Group shall transact any of the following business without the prior written approval of the Shareholders controlling (directly or indirectly) more than 50% of the votes able to be cast at a general meeting called to consider the matter:

- (i) amending its articles of association;
- (ii) the creation or issue of any shares to any person other than a member of the JV Group or the grant of any option over any shares, other than: (a) the allotment and issue of shares of the JV Company to the Shareholders or their subsidiaries at completion of the Acquisition and the potential acquisition; and (b) to the extent necessary to avoid or cure an event of default under the terms of any banking facilities of the JV Company or the JV Group, provided that any shares of the JV Company to be issued shall first be offered to the Shareholders on identical terms pro rata to their shareholdings in the JV Company, with any shares not taken up be then offered to the accepting Shareholder (or its subsidiaries) pro rata to its shareholdings in the JV Company before being offered to persons who are not the Shareholders;
- (iii) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve or the redemption of any shares of the JV Company or any other reorganisation of its share capital;
- (iv) the making of any petition or passing of any resolution for winding-up or liquidation or the making of an application for an administration order; and
- (v) up until completion of the Acquisition and the potential acquisition, the exercise or waiver by the JV Company of any rights under the Asset Purchase Agreement and any documents to be entered into pursuant to the Asset Purchase Agreement or the potential acquisition, or the amendment of the aforesaid agreements or documents to which the JV Company is a party.

The Shareholders' Agreement further provides that the Shareholders shall exercise their rights and powers in respect of the JV Company and each member of the JV Group so as to procure that neither the JV Company nor any member of the JV Group shall transact any of the following business unless the approval of the board of directors of the JV Company has been obtained by 50% or more of the votes cast on a poll taken at a board meeting of the JV Company:

- (i) the making of any consensual amendment to any licence held by the JV Group;
- (ii) any change in the nature of the business carried on by the JV Company or any member of the JV Group including any change resulting from: (a) any acquisition or investment in another company (other than a wholly-owned subsidiary of the JV Company) or participation in any partnership or joint venture; (b) amalgamation or merger with any other company or legal entity; or (c) any expansion or extension of, or amendment to, the core business of the JV Company or any member of the JV Group;
- (iii) any change of auditors, the accounting reference date or the dividend policy;
- (iv) the removal of the chairman of the board of directors, and the appointment or removal of the chief executive officer, chief financial officer or any other key employee of the JV Company;

- (v) any change of tax election or grouping;
- (vi) any purchase by the JV Company of its own shares;
- (vii) the disposal of intellectual property rights or rights or assets relating to information technology if such disposal is likely to prejudice the operation of the business of the JV Group;
- (viii) the acquisition of any assets or business which are not related to the operation of the business of the JV Group where the assets or business to be acquired have a value in excess of CAD7,200,000 (approximately HK\$51,410,160) or the disposal of any assets or part of the business of the JV Group which is likely to prejudice the operation of the business of the JV Group;
- (ix) the entering into of any contract, whether for the provision of services or for the acquisition or disposal of any assets or otherwise, involving payments by or to any member of the JV Group or the assumption by the JV Company or any member of the JV Group of liabilities in excess of CAD11,000,000 (approximately HK\$78,543,300) in aggregate;
- (x) the JV Company or any member of the JV Group borrowing money in excess of CAD11,000,000 (approximately HK\$78,543,300) per annum in aggregate;
- (xi) the creation of any mortgage, charge, lien or encumbrance on any assets;
- (xii) the settlement or compromise of any legal dispute or proceedings involving the payment or receipt of CAD4,800,000 (approximately HK\$34,273,440) or more in aggregate in any one year;
- (xiii) the adoption of or amendment to the annual business plan of the JV Company; and
- (xiv) except for a disposal which is likely to prejudice the operation of the business of the JV Group, the disposal of intellectual property rights or rights or assets relating to information technology for consideration exceeding CAD4,800,000 (approximately HK\$34,273,440) in aggregate in any one year.

Condition precedent to the Shareholders' Agreement

Completion of the funding obligations of the parties under the Shareholders' Agreement will be conditional on satisfaction of the conditions precedent to the Acquisition and if applicable, the potential acquisition of the undertaking and assets of the "Park'N Fly" business in Vancouver of Canada as detailed under the section headed "Information on the Assets" of this announcement.

Exit and compulsory transfers

Transfer of shares in the JV Company by any Shareholder is permitted under the Shareholders' Agreement if (i) written consent is obtained from the other Shareholders, (ii) it is an intra-group transfer to any member of the same group of the transferor, or (iii) it is effected in accordance with the pre-emption mechanisms set out in the Shareholders' Agreement. Upon exhaustion of the pre-emption mechanisms provided in the

Shareholders' Agreement, the selling Shareholder shall be entitled to offer all the unsold shares in the JV Company for sale to third party purchaser on terms which are no more favourable than those offered to the other Shareholders.

If any Shareholder (i) commits or permits any of its subsidiaries to a commit a material breach of the Shareholders' Agreement and which are not remedied in accordance with the terms of the Shareholders' Agreement; (ii) or any of its subsidiaries whose sole or principal asset is direct or indirect interest in the shares of the JV Company, is subject to an insolvency event as defined in the Shareholders' Agreement; or (iii) transfers more than 30% of the issued share capital of any of its subsidiaries whose sole or principal asset is direct or indirect interest in the shares of the JV Company to a third party purchaser without the consent of the other Shareholders, the non-defaulting Shareholders shall be entitled to acquire the shares of the JV Company held by the defaulting Shareholder at a fair market value in accordance with the terms of the Shareholders' Agreement.

Termination

The Shareholders' Agreement shall terminate and cease to have any further effect upon termination of the Asset Purchase Agreement and the asset purchase agreement relating to the potential acquisition. Subject to aforesaid, the Shareholders' Agreement shall continue in full force and effect unless and until the Shareholders agree in writing to terminate the Shareholders' Agreement or an effective resolution is passed or a binding order is made for the winding up of the JV Company, whichever is the earlier.

MAJOR TERMS OF THE ACQUISITION

The Acquisition

On 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong), the Vendors as the vendors, the Purchaser as the purchaser, and CKH and CKI, both as guarantors to the Purchaser, entered into the Asset Purchase Agreement for the sale and purchase of the Assets.

Consideration

Subject to adjustments pursuant to the terms of the Asset Purchase Agreement, the base purchase price for the Assets shall be CAD347,555,000 (approximately HK\$2,481,646,966.50).

Such base purchase price was determined after arm's length negotiations between CKH and CKI, on the one hand, and the Vendors, on the other hand.

Conditions precedent to the Acquisition

Completion of the Acquisition will be conditional on, among other things:

- (i) the performance of the obligations by the Vendors and the Purchaser under the Asset Purchase Agreement in all material respects;

- (ii) certain representations and warranties of each of the Vendors and the Purchaser shall be true and correct on and as at the completion date of the Acquisition;
- (iii) no legal proceedings, order or law restraining, enjoining or prohibiting or making illegal the consummation of the Acquisition;
- (iv) relevant consents and approvals of third parties and governmental authorities;
- (v) the delivery of completion documents in respect of the Acquisition by the Vendors and the Purchaser; and
- (vi) there has not occurred any change, effect, event or condition that has a material adverse effect on, inter alia, the business, assets, results of operations or financial condition of the Business or the Assets taken as a whole.

Completion of the Acquisition

Completion of the Acquisition shall take place on the tenth business day after satisfaction or waiver of the conditions precedent set out above, or at such other date as the Vendors and the Purchaser may agree.

Guarantee

Each of CKH and CKI will severally and pro-rata to its equity interests in the JV Company guarantee to the Vendors the due and punctual performance and observance by the Purchaser of its payment obligations of the consideration for the Acquisition.

Termination

The Asset Purchase Agreement may be terminated by:

- (i) mutual written agreement of the Purchaser and the Vendors;
- (ii) the Vendors or the Purchaser if the defaulting party has not remedied a breach within 30 days provided the terminating party is not in material breach of the Asset Purchase Agreement;
- (iii) the Vendors or the Purchaser if completion of the Acquisition becomes illegal under applicable law of Canada; or
- (iv) the Vendors or the Purchaser if completion of the Acquisition has not occurred before 31 October 2014.

INFORMATION ON THE ASSETS

“Park’N Fly” is an off-airport parking business operating in Toronto, Montreal, Edmonton, Ottawa and Vancouver of Canada which provides both short and long term parking to leisure and business travelers. The Assets to be purchased comprising the undertaking and assets of the “Park’N Fly” business in Toronto, Montreal, Edmonton and Ottawa of Canada.

As the “Park’N Fly” business in Vancouver of Canada is owned under a joint venture arrangement to which the Vendors are one of the joint venture partners, the Vendors have agreed in the Asset Purchase Agreement that they will use their commercially reasonable efforts to settle, execute and deliver to the Purchaser an asset purchase agreement substantially in the form of the Asset Purchase Agreement for the acquisition of 100% of the undertaking and assets of the “Park’N Fly” business in Vancouver. Notwithstanding the above possible acquisition, the aggregate funding of each of CKH Group and CKI Group in respect of the JV Transaction will not exceed the amount stated under section headed “Funding commitment” of this announcement.

For the financial years ended 31 December 2012 and 31 December 2013, based on financial information available to the Purchaser, the unaudited net profit before tax and extraordinary items of the Assets were approximately CAD16,700,000 (approximately HK\$119,243,010) and CAD16,400,000 (approximately HK\$117,100,920) respectively and the unaudited net profit after tax and extraordinary items of the Assets were approximately CAD12,300,000 (approximately HK\$87,825,690) and CAD12,100,000 (approximately HK\$86,397,630) respectively.

The unaudited net asset value of Assets as at 31 December 2013, based on financial information available to the Purchaser, was approximately CAD88,000,000 (approximately HK\$628,346,400).

INFORMATION ON THE VENDORS

The Vendors are private companies incorporated under the laws of Canada.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, the Vendors and their respective ultimate beneficial owners are third parties independent of the Group and connected persons of the Company.

INFORMATION ON CKH GROUP

The principal activities of CKH Group are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in infrastructure business and securities.

INFORMATION ON CKI GROUP

The principal activities of CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Australia, New Zealand and Canada.

INFORMATION ON THE GROUP

The Group operates and invests in six core businesses: ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

REASONS FOR AND BENEFITS OF THE JV TRANSACTION

CKH and CKI have worked together on joint venture projects in the past and their previous experience of working together successfully makes each a suitable partner for the other for the JV Transaction.

CKI is a diversified infrastructure investment company with a focus on the development, investment in and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Australia, New Zealand and Canada. The Transactions reflect CKI's strategy of investing in infrastructure opportunities around the world.

The entering into of the JV Transaction by CKI is consistent with one of the core business strategies of the Company. Each of the Company and CKI therefore considers that, subject to completion of the Acquisition, it would benefit from the JV Transaction.

The Directors (including the independent non-executive Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole. As none of the Directors has any material interest in the connected transaction herein announced, no Directors were required to abstain from voting on the board resolutions passed in connection with this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Given that CKH is a connected person of the Company by virtue of it being a substantial shareholder of the Company at the issuer's level, the entering into of the Shareholders' Agreement by CKI (a subsidiary of the Company) constitutes a connected transaction for the Company under the Listing Rules. As one or more of the relevant percentage ratios represented by the size of CKI's financial commitment in respect of the JV Company is or are more than 0.1% but less than 5%, the JV Transaction is exempt from the independent shareholders' approval requirement and is only subject to the reporting and announcement requirements set out in the Listing Rules for the Company.

DEFINITIONS

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

“Acquisition”	acquisition of the Assets and assumption of the certain liabilities pursuant to the Asset Purchase Agreement
“Asset Purchase Agreement”	the asset purchase agreement entered into between the Vendors, the Purchaser and CKH and CKI (as the guarantors to the Purchaser) in relation to the Acquisition on 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong)

“Assets”	the undertaking and assets of the Business which are to be sold by the Vendors to the Purchaser pursuant to the Asset Purchase Agreement
“Business”	the business of operating off-airport parking facilities servicing customers travelling to or from airports in Edmonton, Montreal, Ottawa and Toronto of Canada, and the licensing of trademark “Park’N Fly” to the Halifax International Airport Authority
“CAD”	Canadian dollars, the lawful currency of Canada
“CFL”	Capacity Faith Limited, a limited company incorporated in Hong Kong, a wholly-owned subsidiary of CKI and an immediate shareholder of the JV Company
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“CKH Group”	CKH and its subsidiaries
“CKI”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“CKI Group”	CKI and its subsidiaries
“CKICL”	Cheung Kong Investment Company Limited, a limited company incorporated in Hong Kong, a wholly-owned subsidiary of CKH and an immediate shareholder of the JV Company
“Company”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 13)
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	Splendid Grand Limited, a private limited liability company incorporated in Hong Kong and indirectly owned as to 50% by each of CKI and CKH, being the joint venture company formed for the purpose of the Acquisition and the potential acquisition of the assets and undertakings of the “Park’N Fly” business in Vancouver of Canada as detailed under the section headed “Information on the Assets” of this announcement
“JV Group”	JV Company and its subsidiaries from time to time, including the Purchaser
“JV Transaction”	the entering into of the Shareholders’ Agreement in relation to the JV Company by CKH, CKI, CKICL, CFL and the JV Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
“Purchaser”	the purchaser of the Acquisition, namely 1822703 Alberta Ltd., a corporation organized and existing under the laws of the province of Alberta, Canada and a wholly owned subsidiary of the JV Company
“Shareholders”	CKH and CKI and any party that may adhere to the Shareholders’ Agreement by executing a deed of adherence, and each of them a “Shareholder”
“Shareholders’ Agreement”	the shareholders’ agreement entered into by CKH, CKI, CKICL, CFL and the JV Company on 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong), which sets out the funding commitment, shareholding and other rights and obligations of each of CKH Group and CKI Group in respect of the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules

“Transactions”	the JV Transaction, the Acquisition and the potential acquisition of the assets and undertakings of the “Park’N Fly” business in Vancouver of Canada as detailed under the section headed “Information on the Assets” of this announcement
“Vendors”	the vendors of the Acquisition, namely, (i) BRL Realty Limited, a corporation organized and existing under the laws of the province of Ontario, Canada; (ii) 1250353 Ontario Ltd., a corporation organized and existing under the laws of the province of Ontario, Canada; (iii) RNE Realty Limited, a corporation organized and existing under the laws of the province of Ontario, Canada; (iv) Park’N Fly Partnership, a partnership formed and existing under the laws of the province of Ontario, Canada; and (v) 1420291 Alberta Ltd., a corporation organized and existing under the laws of the province of Alberta, Canada
“%”	per cent

The exchange rate used for reference purpose only in this announcement is CAD1.00 to HK\$7.1403.

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 28 May 2014

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

Executive Directors:

Mr LI Ka-shing (*Chairman*)
 Mr LI Tzar Kuoi, Victor (*Deputy Chairman*)
 Mr FOK Kin Ning, Canning
 Mrs CHOW WOO Mo Fong, Susan
 Mr Frank John SIXT
 Mr LAI Kai Ming, Dominic
 Mr KAM Hing Lam

Non-executive Directors:

Mr LEE Yeh Kwong, Charles
 Mr George Colin MAGNUS

Independent Non-executive Directors:

The Hon Sir Michael David KADOORIE
 Mr Holger KLUGE
 Ms LEE Wai Mun, Rose
 Mr William Elkin MOCATTA
 (*Alternate to The Hon Sir Michael David Kadoorie*)
 Mr William SHURNIAK
 Mr WONG Chung Hin