



CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 001)

CONNECTED TRANSACTION

The Board of CKH wishes to announce that Rassin, a company owned as to 50/50 by the respective indirect wholly owned subsidiaries of CKH and HWL, has entered into the Bei Xin Jia Yuan Land Transfer, Resettlement and Site Formation Works Agreement in respect of the Beijing Land for development into residential properties. JVCo, a new joint venture to be owned 50/50 through Rassin, will be established for the purpose of owning and developing the Beijing Land (after resettlement and site formation works).

To fund the payment of land cost, construction costs and other project costs for the development of the Beijing Land, the total investment and registered capital of JVCo are proposed to be US\$63,857,000 (approximately HK\$498,084,600) and US\$22,350,000 (approximately HK\$174,330,000) respectively. Any contribution to the registered capital of, and any shareholders' loans to, JVCo is expected to be made equally by indirect subsidiaries of CKH and HWL in proportion to their respective equity interests in JVCo. It is expected that any profit of JVCo is to be ultimately shared equally by indirect subsidiaries of CKH and HWL in proportion to their respective indirect equity interests in JVCo.

HWL is a substantial shareholder of certain subsidiaries of CKH and hence is a connected person of CKH within the meaning of the Listing Rules. The joint venture arrangement for the purpose of effecting the acquisition and development of the Beijing Land constitutes a connected transaction for CKH under Listing Rule 14A.13(6). The Stock Exchange rules that the amount of total capital commitment of each of CKH and HWL in connection with the establishment of JVCo is equal to 50% of the proposed total investment of JVCo for the purpose of Listing Rule 14.15(2). As the relevant percentage ratios represented by such "commitment" amount for CKH are more than 0.1% but less than 2.5%, such establishment of JVCo is according to Listing Rule 14A.32 exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

Establishment of JVCo and acquisition and development of the Beijing Land

Bei Xin Jia Yuan Land Transfer, Resettlement and Site Formation Works Agreement

Parties: (1) Rassin
(2) Beijing Fortunecon

Date: 24th May, 2005

Subject Matter: The acquisition of the Beijing Land subject to and on the terms and conditions set out therein

The Board of CKH wishes to announce that Rassin, a company owned as to 50/50 by the respective indirect wholly owned subsidiaries of CKH and HWL, has entered into the Bei Xin Jia Yuan Land Transfer, Resettlement and Site Formation Works Agreement in respect of the Beijing Land for development into residential properties. JVCo, a new joint venture to be owned 50/50 through Rassin, will be established for the purpose of owning and developing the Beijing Land (after resettlement and site formation works).

Pursuant to the Bei Xin Jia Yuan Land Transfer, Resettlement and Site Formation Works Agreement and subject to the terms and conditions set out therein, Rassin agreed, inter alia, to (i) acquire the Beijing Land and its existing structures known as Bei Xin Jia Yuan for a consideration of RMB184,448,037 (approximately HK\$173,381,155) payable by instalments; (ii) appoint Beijing Fortunecon for carrying out the resettlement and site formation works as regards the people staying on the Beijing Land and structures thereon at the fee of RMB200,000,000; and (iii) grant the Loan of RMB64,000,000 (as part of the aforesaid consideration) for payment of the outstanding amounts in respect of the Beijing Land including but not limited to the land cost, tax charges and penalty for late payment so that Beijing Fortunecon may obtain the required land title documentation for transferring the Beijing Land to Rassin.

To fund the payment of land cost, construction costs and other project costs for the development of the Beijing Land, the total investment and registered capital of JVCo are proposed to be US\$63,857,000 (approximately HK\$498,084,600) and US\$22,350,000 (approximately HK\$174,330,000) respectively. Any contribution to the registered capital of, and any shareholders' loans to, JVCo is expected to be made equally by indirect subsidiaries of CKH and HWL in proportion to their respective equity interests in JVCo. It is expected that any profit of JVCo is to be ultimately shared equally by indirect subsidiaries of CKH and HWL in proportion to their respective indirect equity interests in JVCo.

Reasons for the transaction

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

The HWL Group operates and invests in five core businesses: ports and related services; property and hotels; retail and manufacturing; energy, infrastructure, finance and investments; and telecommunications.

The addition of the Beijing Land to the landbank for development into residential properties is consistent with one of the core business strategies for CKH.

Connected transaction

HWL is a substantial shareholder of certain subsidiaries of CKH and hence is a connected person of CKH within the meaning of the Listing Rules. The joint venture arrangement for the purpose of effecting the acquisition and development of the Beijing Land constitutes a connected transaction for CKH under Listing Rule 14A.13(6). The Stock Exchange rules that the amount of total capital commitment of each of CKH and HWL in connection with the establishment of JVCo is equal to 50% of the proposed total investment of JVCo for the purpose of Listing Rule 14.15(2). As the relevant percentage ratios represented by such "commitment" amount for CKH are more than 0.1% but less than 2.5%, such establishment of JVCo is according to Listing Rule 14A.32 exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

General

The Board of CKH, including the Independent Non-executive Directors, considers the terms for the purchase of the Beijing Land and for the establishment of JVCo for the purpose of the acquisition and development of the Beijing Land to be in the interests of CKH and its shareholders, on normal commercial terms and fair and reasonable so far as CKH and its shareholders are concerned.

The directors (*Note*) of CKH as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. George Colin MAGNUS (*Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. IP Tak Chuen, Edmond, 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 and Mr. CHOW Kun Chee, Roland 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, Mr. KWAN Chiu Yin, Robert and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

Definitions

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

"Bei Xin Jia Yuan Land Transfer, Resettlement and Site Formation Works Agreement" the agreement dated 24th May, 2005 entered into by Rassin and Beijing Fortunecon for the transfer of land use right of and the resettlement and site formation works in respect of the Beijing Land;

"Beijing Fortunecon" Beijing Fortunecon Real Estate Development Co., Limited 北京嘉海興業房地產開發有限公司, being land owner and vendor of the Beijing Land, and is not a connected person of CKH and HWL;

"Beijing Land" the piece of land with an area of approximately 297,693.87 square metres within the Administrative Region of Bei Xin Village, Changping District, Beijing, PRC and the structures known as "Bei Xin Jia Yuan" erected thereon;

"Board" board of directors;

"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: 001);

"CKH Group" CKH and its subsidiaries;

"connected person" shall have the meaning ascribed to it in Listing Rule 1.01;

"Hong Kong" The Hong Kong Special Administrative Region of the PRC;

"HWL" 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: 013);

"HWL Group" HWL and its subsidiaries;

"JVCo" a company to be established in the PRC with the proposed name of Rassin Property Enterprises Management (Beijing) Limited and indirectly wholly foreign owned as to 50%, and represented equally on its board of directors, by indirect wholly owned subsidiaries of CKH and HWL for the purposes of carrying out resettlement and site formation works to the Beijing Land and thereafter owning and developing the Beijing Land;

"Listing Rules" the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;

"Loan" the amount of RMB64,000,000 (as part of the consideration for the acquisition of the Beijing Land by Rassin) to be lent to Beijing Fortunecon through an entrusted loan arrangement by a 50/50 indirect owned joint venture company of CKH and HWL;

"PRC" the People's Republic of China;

"Rassin" Rassin Limited, a limited liability company incorporated in the British Virgin Islands and owned as to 50%, and represented equally on its board of directors, by indirect wholly owned subsidiaries of CKH and HWL;

"Stock Exchange" The Stock Exchange of Hong Kong Limited;

"substantial shareholder" shall have the meaning ascribed to it in Listing Rule 1.01;

"HK\$" Hong Kong Dollars, the lawful currency of Hong Kong;

"RMB" Reminbi, the lawful currency of the PRC; and

"US\$" United States Dollars, the lawful currency of the United States of America.

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$0.94 and US\$1.00 to HK\$7.80.

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

Hong Kong, 24th May, 2005

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