



# CHEUNG KONG (HOLDINGS) LIMITED

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

## CONNECTED TRANSACTION

The Board wishes to announce that on 22 February 2006, Upper Speed, an entity indirectly owned as to 50% by each of CKH and HWL, entered into the Sale and Purchase Deed with, among others, TW Capital Developments and on the same day acquired from TW Capital Developments, (i) 50% of the issued share capital of each of CCH and CHL; (ii) the benefits of the loans owed by each of CCH and CHL to TW Capital Developments; and (iii) the benefit of the bonds issued by each of CCH and CHL to TW Capital Developments. The Initial Consideration was funded, and the Further Consideration will be funded, by CKH and HWL in proportion to their indirect interest in Upper Speed.

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 arrangements between CKH and HWL in relation to the establishment of Upper Speed for the purpose of effecting the Acquisition constitutes a connected transaction for CKH under Rule 14A.13(6) of the Listing Rules. As the relevant percentage ratios represented by the commitment amount for CKH in respect of the Acquisition exceed 0.1% but are less than 2.5%, the joint venture arrangements in relation to the establishment of Upper Speed is according to Rule 14A.32 of the Listing Rules exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### SUMMARY OF THE ACQUISITION

TW Capital Developments has, on 22 February 2006, sold the Sale Shares and assigned the Loans and the Bonds to Upper Speed on the terms set out in the Sale and Purchase Deed, details of which are briefly described below.

### PARTICULARS OF THE SALE AND PURCHASE DEED

Date: 22 February 2006

#### Parties relevant to the Acquisition:

Vendor: TW Capital Developments

Purchaser: Upper Speed, an entity indirectly owned as to 50% by each of CKH and HWL

#### Assets acquired:

- (1) 50 shares of £1 each in CCH, representing 50% of its issued share capital;
- (2) the unsecured interest free loans in the aggregate amount of £948,501 owed by CCH to TW Capital Developments which are repayable on demand;
- (3) the unsecured discounted bonds with an aggregate principal value of £16,503,794.94 issued by CCH to TW Capital Developments, which carry interest at the rate of 5.388% per annum and which are repayable on 13 January 2008;
- (4) 50 shares of £1 each in CHL, representing 50% of its issued share capital;
- (5) the unsecured interest free loans in the aggregate amount of £5,639,724 owed by CHL to TW Capital Developments which are repayable on demand;
- (6) the unsecured discounted bonds with a principal value of £18,808,710.78 issued by CHL to TW Capital Developments, which carry interest at the rate of 5.946% per annum and which are repayable on 13 January 2008; and
- (7) the unsecured discounted bonds with a principal value of £12,597,802.96 issued by CHL to TW Capital Developments, which carry interest at the rate of 5.367% per annum and which are repayable on 17 August 2008.

The remaining 50% interest in CCH and CHL is owned by another company, which is effectively owned by CKH, HWL and a third party in the ratio of 45:45:10.

#### Completion:

Completion took place immediately upon the signing of the Sale and Purchase Deed. There was no condition precedent to Completion.

#### Consideration:

The Consideration for the Acquisition is £41,500,000, consisting the Initial Consideration and the Further Consideration, which was arrived at after arm's length negotiations between Upper Speed and TW Capital Developments, and after taking into account various factors, including the value of the assets acquired.

#### Payment terms:

The Initial Consideration was paid on Completion and the Further Consideration is payable within 10 working days on which the planning permission for the freehold properties known as Lots Road Power Station, Lots Road, Chelsea, London, England and land to the north side of Chelsea Harbour Drive, Chelsea Harbour Estate, Fulham, London, England becomes implementable provided that this occurs before 30 June 2007.

CKH and Hutchison Whampoa Properties Limited (a wholly-owned subsidiary of HWL) had, on Completion, executed a deed of guarantee to guarantee, on a several basis, (i) the payment of the Further Consideration by Upper Speed; and (ii) the performance by Upper Speed of its obligations under an indemnity given in favour of TW Capital Developments. The aforesaid indemnity is given by Upper Speed in connection with a pro rata guarantee given by the holding company of TW Capital Developments to an outside third party pursuant to an agreement entered into between CHL and the outside third party for the development of the above properties. The liability of CKH and Hutchison Whampoa Properties Limited is several and limited to 50% each.

The Initial Consideration was funded by internal resources. It is currently expected that the Further Consideration will be funded by CKH and HWL on a similar basis.

### INFORMATION ON CCH AND CHL

CCH is the owner and developer of a piece of freehold property on the north side of Chelsea Harbour Drive, Chelsea Harbour Estate, Fulham, London, England. The net liabilities of CCH based on its audited balance sheet as at 31 December 2004 and its unaudited balance sheet as at 31 December 2005 are approximately £4,056,921 and £5,583,072 respectively. The audited net losses of CCH before and after taxation for the year ended 31 December 2004 are approximately £1,578,892 and £1,192,756 respectively. The unaudited net losses of CCH before and after taxation for the year ended 31 December 2005 are approximately £1,526,151 and £1,526,151 respectively. Save as aforesaid, CCH does not have other business operations.

CHL is the owner and developer of the land together with all buildings from time to time thereon situated at and known as the Lots Road Power Station, Lots Road, Chelsea, London, England. The net liabilities of CHL based on its audited balance sheet as at 31 December 2004 and its unaudited balance sheet as at 31 December 2005 are approximately £5,170,215 and £8,063,451 respectively. The audited net losses of CHL before and after taxation for the year ended 31 December 2004 are approximately £2,512,326 and £2,097,495 respectively. The unaudited net losses of CHL before and after taxation for the year ended 31 December 2005 are approximately £2,893,236 and £2,893,236 respectively. Save as aforesaid, CHL does not have other business operations.

### INFORMATION ON TW CAPITAL DEVELOPMENTS

TW Capital Developments is a housing development company based in the United Kingdom.

To the best of the knowledge, information or belief of the directors of CKH having made all reasonable enquiry, TW Capital Developments and its ultimate beneficial owner are third parties independent of CKH and its connected persons, and are not connected persons of CKH.

### 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 establishment of Upper Speed for the purpose of the Acquisition is consistent with one of the core business strategies for CKH. Save as aforesaid, Upper Speed does not have other business operations.

### 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 arrangements between CKH and HWL in relation to the establishment of Upper Speed as the joint venture vehicle for the purpose of effecting the Acquisition constitutes a connected transaction for CKH under Rule 14A.13(6) of the Listing Rules. As the relevant percentage ratios represented by the commitment amount for CKH in respect of the Acquisition exceed 0.1% but are less than 2.5%, the joint venture arrangements in relation to the establishment of Upper Speed is according to Rule 14A.32 of the Listing Rules exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### GENERAL

The Board, including its Independent Non-executive Directors, considers that the establishment of Upper Speed as the joint venture vehicle for effecting the Acquisition 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.

### DEFINITIONS

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

"Acquisition"	the acquisition by Upper Speed of the Sale Shares and the benefit of the Loans and the Bonds pursuant to the Sale and Purchase Deed;
"Board"	board of directors of CKH;
"Bonds"	together, the unsecured discounted bonds with an aggregate principal value of £16,503,794.94 issued by CCH to TW Capital Developments, the unsecured discounted bonds with a principal value of £18,808,710.78 issued by CHL to TW Capital Developments and the unsecured discounted bonds with a principal value of £12,597,802.96 issued by CHL to TW Capital Developments;
"CCH"	Circadian (CH) Limited, a company registered in England;
"CHL"	Circadian Limited, a company registered in England;
"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;
"Completion"	completion of the sale and purchase of the Sale Shares, and the assignment of the Loans and the Bonds pursuant to the Sale and Purchase Deed;
"connected person"	shall have the meaning ascribed to it in the Listing Rules;
"Consideration"	£41,500,000, representing the consideration for the sale and purchase of the Sale Shares and the assignment of the Loans and Bonds, and consisting of the Initial Consideration and the Further Consideration;
"Further Consideration"	an amount of £1,500,000;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"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;
"Initial Consideration"	an amount of £40,000,000;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loans"	together, the unsecured interest free loans in the aggregate amount of £948,501 owed by CCH to TW Capital Developments and the unsecured interest free loans in the aggregate amount of £5,639,724 owed by CHL to TW Capital Developments;
"Sale and Purchase Deed"	the deed relating to the sale and purchase of the Sale Shares, the Loans and the Bonds;
"Sale Shares"	together, the 50 shares of £1 each in CCH (representing 50% of its issued share capital) and the 50 shares of £1 each in CHL (representing 50% of its issued share capital), all of which are beneficially owned by TW Capital Developments and are registered in the name of TW Capital Developments;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder"	shall have the meaning ascribed to it in the Listing Rules;
"TW Capital Developments"	Taylor Woodrow Capital Developments Limited, a company registered in England;
"Upper Speed"	Upper Speed Limited, a company incorporated in the British Virgin Islands, which is indirectly owned as to 50% by each of CKH and HWL; and
"£"	Pounds Sterling, the lawful currency of the United Kingdom.

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

Hong Kong, 23 February 2006

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. 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 and Mr. George Colin MAGNUS 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.

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.