



CHEUNG KONG (HOLDINGS) LIMITED

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



HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 013)

JOINT ANNOUNCEMENT CONNECTED TRANSACTIONS

The respective Boards of CKH and HWL wish to announce that JVCo, a newly incorporated joint venture company in which each of CKH and HWL has an indirect shareholding of 50%, has been established for the sole purpose of entering into the Joint Venture Contract (as amended and restated by the First Amended and Restated Joint Venture Contract) with the PRC Partner to own the Lands and to develop the Lands into residential properties.

The Project Company was established following the entering into of the Joint Venture Contract between JVCo and the PRC Partner, the initial registered capital and total investment of which were both equal to RMB806,000,000 (approximately HK\$773,760,000). Under the Joint Venture Contract, JVCo would make a cash contribution of RMB241,200,000 (approximately HK\$231,552,000) to the registered capital of the Project Company, and the PRC Partner would contribute the balance in the sum of RMB564,800,000 (approximately HK\$542,208,000) by way of transfer of the land use rights in the Lands to the Project Company.

As a result of further discussions between JVCo and the PRC Partner regarding the expansion and enhancement of the scale and quality of development on the Lands following the signing of the Joint Venture Contract on 21st December, 2005, JVCo and the PRC Partner have entered into the First Amended and Restated Joint Venture Contract to amend and restate the provisions of the Joint Venture Contract for the purpose of increasing the registered capital and the total investment of the Project Company to RMB1,040,640,000 (approximately HK\$999,014,400) and RMB1,544,320,000 (approximately HK\$1,482,547,200) respectively and providing for the payment of special distributions in and up to the pre-agreed amounts to the PRC Partner and JVCo in alternate rounds with the PRC Partner being entitled to the first one and thereafter, sharing of available profits and assets of the Project Company between JVCo and the PRC Partner on an 80:20 basis (subject to adjustment in the case of non-compliance by any party of certain obligations under the First Amended and Restated Joint Venture Contract including, without limitation, its obligation to provide shareholders' loans to the Project Company).

Under the First Amended and Restated Joint Venture Contract, JVCo will make an aggregate cash contribution of RMB475,840,000 (approximately HK\$456,806,400) to the registered capital of the Project Company, representing approximately 45.7% of the registered capital of the Project Company, and the PRC Partner will make an aggregate contribution of RMB564,800,000 (approximately HK\$542,208,000) by way of transfer of the land use rights in the Lands to the Project Company, representing approximately 54.3% of the registered capital of the Project Company.

Pursuant to the terms of the First Amended and Restated Joint Venture Contract, the contribution to the registered capital of the Project Company shall be made by JVCo and the PRC Partner, respectively, within 6 months from the date of issuance of the business licence of the Project Company subject to the terms and conditions set out therein. It is expected that the amount representing the difference between the total investment and the registered capital of the Project Company under the First Amended and Restated Joint Venture Contract will be financed by external funding (including, without limitation, bank financing) and/or shareholders' loans. Any shareholders' loans advanced by JVCo and the PRC Partner to the Project Company will be made, as between JVCo and the PRC Partner, on the basis of the then sharing ratio applicable to JVCo and the PRC Partner.

Any contribution to the registered capital of, and any shareholders' loans to, the Project Company through JVCo is expected to be made equally by the indirect subsidiaries of CKH and HWL in proportion to their respective effective equity interests in JVCo. It is expected that each of CKH and HWL will provide its contribution using its internal resources.

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. CKH is a substantial shareholder of HWL and hence is a connected person of HWL within the meaning of the Listing Rules. Accordingly, the joint venture arrangements between CKH and HWL in respect of the establishment of JVCo and the Project Company as contemplated under the First Amended and Restated Joint Venture Contract constitute connected transactions for CKH and HWL under Listing Rule 14A.13(6). As one or more of the relevant percentage ratios represented by the respective commitment amount for each of CKH and HWL are more than 0.1% but less than 2.5%, the joint venture arrangements in respect of the establishment of JVCo and the Project Company are, according to Listing Rule 14A.32, exempt from the independent shareholders' approval requirements and are only subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

Joint venture arrangements in relation to JVCo for the purpose of entering into the Joint Venture Contract (as amended and restated by the First Amended and Restated Joint Venture Contract) with the PRC Partner to own and to develop the Lands

The respective Boards of CKH and HWL wish to announce that JVCo, a newly incorporated joint venture company in which each of CKH and HWL has an indirect shareholding of 50%, has been established for the sole purpose of entering into the Joint Venture Contract (as amended and restated by the First Amended and Restated Joint Venture Contract) with the PRC Partner to own the Lands and to develop the Lands into residential properties.

Joint Venture Contract

Date: 21st December, 2005

Parties: JVCo
PRC Partner

Subject matter: Establishment of the Project Company upon and subject to the terms and conditions set out therein

First Amended and Restated Joint Venture Contract

Date: 6th February, 2006

Parties: JVCo
PRC Partner

Subject matter: Amending and restating the provisions of the Joint Venture Contract for the purpose of increasing the registered capital and the total investment of the Project Company and providing for JVCo and the PRC Partner to share available profits and assets of the Project Company on an 80:20 basis upon and subject to the terms and conditions set out therein

The Project Company was established following the entering into of the Joint Venture Contract between JVCo and the PRC Partner, the initial registered capital and total investment of which were both equal to RMB806,000,000 (approximately HK\$773,760,000). Under the Joint Venture Contract, JVCo would make a cash contribution of RMB241,200,000 (approximately HK\$231,552,000) to the registered capital of the Project Company, and the PRC Partner would contribute the balance in the sum of RMB564,800,000 (approximately HK\$542,208,000) by way of transfer of the land use rights in the Lands to the Project Company.

As a result of further discussions between JVCo and the PRC Partner regarding the expansion and enhancement of the scale and quality of development on the Lands following the signing of the Joint Venture Contract on 21st December, 2005, JVCo and the PRC Partner have entered into the First Amended and Restated Joint Venture Contract to amend and restate the provisions of the Joint Venture Contract for the purpose of increasing the registered capital and the total investment of the Project Company to RMB1,040,640,000 (approximately HK\$999,014,400) and RMB1,544,320,000 (approximately HK\$1,482,547,200) respectively and providing for the payment of special distributions in and up to the pre-agreed amounts to the PRC Partner and JVCo in alternate rounds with the PRC Partner being entitled to the first one and thereafter, sharing of available profits and assets of the Project Company between JVCo and the PRC Partner on an 80:20 basis (subject to adjustment in the case of non-compliance by any party of certain obligations under the First Amended and Restated Joint Venture Contract including, without limitation, its obligation to provide shareholders' loans to the Project Company).

Under the First Amended and Restated Joint Venture Contract, JVCo will make an aggregate cash contribution of RMB475,840,000 (approximately HK\$456,806,400) to the registered capital of the Project Company, representing approximately 45.7% of the registered capital of the Project Company, and the PRC Partner will make an aggregate contribution of RMB564,800,000 (approximately HK\$542,208,000) by way of transfer of the land use rights in the Lands to the Project Company, representing approximately 54.3% of the registered capital of the Project Company.

Pursuant to the terms of the First Amended and Restated Joint Venture Contract, the contribution to the registered capital of the Project Company shall be made by JVCo and the PRC Partner, respectively, within 6 months from the date of issuance of the business licence of the Project Company subject to the terms and conditions set out therein. It is expected that the amount representing the difference between the total investment and the registered capital of the Project Company under the First Amended and Restated Joint Venture Contract will be financed by external funding (including, without limitation, bank financing) and/or shareholders' loans. Any shareholders' loans advanced by JVCo and the PRC Partner to the Project Company will be made, as between JVCo and the PRC Partner, on basis of the then sharing ratio applicable to JVCo and the PRC Partner.

Any contribution to the registered capital of, and any shareholders' loans to, the Project Company through JVCo is expected to be made equally by the indirect subsidiaries of CKH and HWL in proportion to their respective effective equity interests in JVCo. It is expected that each of CKH and HWL will provide its contribution using its internal resources, and that any profit of the Project Company that will be distributed to JVCo will ultimately be shared equally by the indirect subsidiaries of CKH and HWL in proportion to their respective effective equity interests in JVCo.

The principal activities of the Project Company will be in relation to the ownership and development of the Lands. The board of directors of the Project Company comprises 4 directors nominated by JVCo and 1 director nominated by the PRC Partner. As at the date of this announcement, the principal activity of JVCo is investment holding, and save in connection with the Joint Venture Contract and the First Amended and Restated Joint Venture Contract entered into by JVCo, JVCo does not have other business operations. The board of directors of JVCo comprises 3 directors nominated by CKH and 3 directors nominated by HWL.

Reasons for the transaction

The establishment of the Project Company for owning and developing the Lands into residential properties is consistent with one of the core business strategies for both CKH and HWL. The respective Boards of CKH and HWL, including the respective Independent Non-executive Directors of CKH and HWL, consider the terms of the joint venture arrangements in respect of the establishment of JVCo and the Project Company subject to the terms of the Joint Venture Contract (as amended and restated by the First Amended and Restated Joint Venture Contract) for the purpose of owning and developing the Lands to be in the interests of CKH and HWL and their respective shareholders, on normal commercial terms and fair and reasonable so far as CKH and HWL and their respective shareholders are concerned.

Connected transactions

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. CKH is a substantial shareholder of HWL and hence is a connected person of HWL within the meaning of the Listing Rules. Accordingly, the joint venture arrangements between CKH and HWL in respect of the establishment of JVCo and the Project Company as contemplated under the First Amended and Restated Joint Venture Contract constitute connected transactions for CKH and HWL under Listing Rule 14A.13(6). As one or more of the relevant percentage ratios represented by the respective commitment amount for each of CKH and HWL are more than 0.1% but less than 2.5%, the joint venture arrangements in respect of the establishment of JVCo and the Project Company are, according to Listing Rule 14A.32, exempt from the independent shareholders' approval requirements and are only subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

General

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 JVCo will be accounted for in the respective financial statements of CKH and HWL using the equity method of accounting.

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.

The directors of HWL as at the date of this announcement are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Deputy Chairman*), Mr. FOK Kin-ning, Canning (*Group Managing Director*), Mrs. CHOW WOO Mo Fong, Susan (*Deputy Group Managing Director*), Mr. Frank John SIXT (*Group Finance Director*), Mr. LAI Kai Ming, Dominic and Mr. KAM Hing Lam as Executive Directors; Mr. George Colin MAGNUS and Mr. William SHURNIAK as Non-executive Directors; and The Hon. Sir Michael David KADOORIE, Mr. Holger KLUGE, Mr. William Elkin MOCATTA (*Alternate to The Hon. Sir Michael David Kadoorie*), Mr. Simon MURRAY, Mr. OR Ching Fai, Raymond and Mr. WONG Chung Hin (*also Alternate to Mr. Simon Murray*) as Independent Non-executive Directors.

Definitions

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

| | |
|---|--|
| “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 the Listing Rules; |
| “First Amended and Restated Joint Venture Contract” | the contract entered into by JVCo and the PRC Partner dated 6th February, 2006 to amend and restate the provisions of the Joint Venture Contract for the purpose of increasing the registered capital and the total investment of the Project Company and providing for JVCo and the PRC Partner to share available profits and assets of the Project Company on an 80:20 basis; |
| “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; |
| “Joint Venture Contract” | the contract entered into by JVCo and the PRC Partner dated 21st December, 2005 governing the basis for the establishment of the Project Company and setting out the terms and conditions for owning and developing the Lands by the Project Company; |
| “JVCo” | Golden Castle Management Limited, a limited liability company incorporated in the British Virgin Islands on 29th November, 2005 and which is owned equally by indirect wholly owned subsidiaries of CKH and HWL; |
| “Land No.1” | the piece of land with an area of 66,571 square metres, located at Jinkeng Village Shanxia (Tuming), Zhongxin Town (Zhenlong) and as described in the Certificate for the Use of State-owned Land of PRC No. B0600044 (Zeng Guo Yong (2005)); |
| “Land No.2” | the piece of land with an area of 66,247 square metres, located at Jinkeng Village Shangxin She (Shangtang), Zhongxin Town Zhenlong and as described in the Certificate for the Use of State-owned Land of PRC No. B0600108 (Zeng Guo Yong (2005)); |
| “Land No.3” | the piece of land with an area of 66,063 square metres, located at Jinkeng Village Shanxia (Tuming), Zhongxin Town (Zhenlong) and as described in the Certificate for the Use of State-owned Land of PRC No. B0600043 (Zeng Guo Yong (2005)); |
| “Land No.4” | the piece of land with an area of 26,666.7 square metres, located at Jinkeng Village Shangxin She, Zhongxin Town (Zhenlong) and as described in the Certificate for the Use of State-owned Land of PRC No. B0600114 (Zeng Guo Yong (2005)); |
| “Lands” | collectively Land No.1, Land No.2, Land No.3 and Land No.4; |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange; |
| “PRC” | the People’s Republic of China; |
| “PRC Partner” | 廣州方興房地產建設有限公司 (transliterated as “Guangzhou Fang Xing Real Estate Development Limited”), an entity established under the laws of the PRC and which is independent of each of CKH and HWL and their respective connected persons; |
| “Project Company” | the sino-foreign co-operative joint venture established under the Joint Venture Contract with the name of 廣州御湖房地產發展有限公司 (transliterated as “Guangzhou Yu Hu Real Estate Development Limited”); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong; |
| “RMB” | Renminbi, the lawful currency of the PRC; and |
| “%” | per cent. |

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$0.96.

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

By Order of the Board
HUTCHISON WHAMPOA LIMITED
Edith Shih
Company Secretary

Hong Kong, 7th February, 2006

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 of NED/INED.