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CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 001)

CONNECTED TRANSACTIONS

On 1st June, 2006, Status High (a wholly-owned subsidiary of CKH) entered into the Subscription Agreement with CHEM to subscribe for the Subscription Shares (being 50 new shares of par value of US\$1.00 each in the share capital of CHEM), representing one-third of the issued share capital of CHEM as enlarged by the issue of the Subscription Shares, for an aggregate consideration of US\$50.00 (equivalent to HK\$390.00). Completion of the Subscription took place simultaneously with the signing of the Subscription Agreement.

Following completion of the Subscription, CHEM is owned by Status High and the two existing shareholders of CHEM, CKI Electricity and HEI Electricity, in equal proportions (i.e. one-third each). In line with the current funding arrangements under which the two existing shareholders of CHEM have each granted CHEM a facility of up to A\$12,500,000.00 (equivalent to HK\$73,250,000.00), Status High entered into the Loan Agreement with CHEM to grant the Facility to CHEM on identical terms, immediately after completion of the Subscription.

CKI Electricity is a wholly-owned subsidiary of CKI, which, in turn, is a non wholly-owned subsidiary of HWL. 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. As HWL is, through its interests in CKI and CKI Electricity, indirectly interested in the issued share capital of CHEM so as to control the exercise of over 30 per cent. of the voting power at general meetings of CHEM, CHEM is an associate of HWL within the meaning of the Listing Rules. The Subscription and the granting of the Facility therefore constitute connected transactions for CKH under Rules 14A.13(1) and 14A.13(2) of the Listing Rules.

As the relevant percentage ratios represented by the aggregate amount of the consideration for the Subscription and the maximum amount granted under the Facility exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2) of the Listing Rules, the Subscription and the granting of the Facility are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 1st June, 2006, Status High (a wholly-owned subsidiary of CKH) entered into the Subscription Agreement with CHEM. Following completion of the Subscription, CHEM is owned by Status High and the two existing shareholders of CHEM, CKI Electricity and HEI Electricity, in equal proportions (i.e. one-third each).

Date

As of 1st June, 2006

Parties

- (1) Status High as subscriber.
- (2) CHEM as the target company.

The Subscription Shares

The Subscription Shares comprise 50 new shares of par value of US\$1.00 each in the share capital of CHEM, representing one-third of the issued share capital of CHEM as enlarged by the issue of the Subscription Shares. Following completion of the Subscription, the investment in CHEM will be equity accounted for in the books of Status High as an associate.

Consideration

The consideration for the Subscription is US\$50.00 (equivalent to HK\$390.00), representing the aggregate par value of the Subscription Shares. It is payable in cash on completion of the Subscription.

Conditions

There are no conditions precedent to completion of the Subscription.

Completion

Completion of the Subscription took place simultaneously with the signing of the Subscription Agreement.

THE LOAN AGREEMENT

In line with the current funding arrangements under which the two existing shareholders of CHEM have each granted CHEM a facility of up to A\$12,500,000.00 (equivalent to HK\$73,250,000.00), Status High entered into the Loan Agreement with CHEM to grant the Facility to CHEM on identical terms, immediately after completion of the Subscription.

Date

As of 1st June, 2006

Parties

- (1) Status High as lender.
- (2) CHEM as borrower.

The Facility

Up to A\$12,500,000.00 (equivalent to HK\$73,250,000.00).

Interest

Interest is payable at such arm's length rate as may be agreed between Status High and CHEM from time to time, and the rate is currently agreed at 6.28% per annum.

Term

The term of the Facility is for a period up to 30th December, 2015.

REASONS FOR THE TRANSACTIONS

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.

CHEM, through its subsidiaries, is principally engaged in the business of provision of telecommunication services in Australia. The investment in CHEM is consistent with one of the core business strategies for CKH.

The principal activities of CKI Electricity and HEI Electricity are investment holding.

The unaudited net profits before and after tax of CHEM for the year ended 31st December, 2005 were both A\$0.00.

As at 31st December, 2005, the net asset value of CHEM attributable to the Subscription Shares was approximately A\$60.00 (equivalent to approximately HK\$352.00).

CONNECTED TRANSACTIONS

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As the relevant percentage ratios represented by the aggregate amount of the consideration for the Subscription and the maximum amount granted under the Facility exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2) of the Listing Rules, the Subscription and the granting of the Facility are exempt from the independent shareholders' approval requirements but are 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 the Subscription and the granting of the Facility 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:

“associate”	having the meaning ascribed to it in the Listing Rules;
“Board”	board of directors of CKH;
“CHEM”	CKI/HEI Electricity Holdings (Malaysian) Limited, a company incorporated in Malaysia with limited liability;
“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;
“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 Electricity”	CKI Electricity Distribution (Malaysian) Limited, a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of CKI;
“connected person”	having the meaning ascribed to it in the Listing Rules;
“Facility”	a facility of up to A\$12,500,000.00 (equivalent to HK\$73,250,000.00) granted by Status High to CHEM under the Loan Agreement;
“HEI Electricity”	HEI Electricity Distribution (Malaysian) Limited, a company incorporated in Malaysia with limited liability;
“Hong Kong”	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);

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	the loan agreement dated as of 1st June, 2006 and made between Status High and CHEM, in relation to the granting of the Facility;
“Status High”	Status High Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKH;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	subscription of the Subscription Shares;
“Subscription Agreement”	the subscription agreement dated as of 1st June, 2006 and made between Status High and CHEM, in relation to the Subscription;
“Subscription Shares”	50 new shares of par value of US\$1.00 each in the share capital of CHEM;
“substantial shareholder”	having the meaning ascribed to it in the Listing Rules;
“A\$”	Australian dollars, the lawful currency of Australia;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	United States dollars, the lawful currency of the United States of America.

For the purpose of illustration only, A\$ to HK\$ is translated at the rate of A\$1 = HK\$5.86, and US\$ to HK\$ is translated at the rate of US\$1 = HK\$7.8.

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

Hong Kong, 5th June, 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.

Please also refer to the published version of this announcement in The Standard.