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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 announce that Elegant Wealth, a non wholly-owned subsidiary of HWL owned by HWL as to 51% and CKH as to 49%, and Changrun and Jianghe, each held by CKH and HWL indirectly (on an equal basis) as to 99% and the Independent Party as to 1%, were successful in the bid for the Putuo Land for development into commercial and residential properties with Elegant Wealth's, Changrun's and Jianghe's investment proportions in such development being 60%, 25% and 15% respectively.

Pursuant to the Land Use Right Transfer Contract and the Land Development and Possession Contract, Elegant Wealth, Changrun and Jianghe agreed to acquire the land use right and pay the transfer fee and development fee in respect of the Putuo Land for an aggregate consideration of RMB2,200 million (approximately HK\$2,200 million) payable by instalments and subject to the respective terms and conditions set out therein.

To fund the payment of land cost, construction costs and other project costs for the Acquisition and Development, the total investment (including registered capital) of the JVCo, a new joint venture to be established and held by Elegant Wealth, Changrun and Jianghe as to 60%, 25% and 15% respectively for the Acquisition and Development is proposed to be RMB3,600 million (approximately HK\$3,600 million). Any funding contribution, including the registered capital of, and any shareholders' loans to, the JVCo is expected to be made by CKH, HWL and/or their respective subsidiaries through Elegant Wealth, and by SZ Baoan and the Independent Party through Changrun and Jianghe in proportion to their respective effective equity interests in the 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. CKH is a substantial shareholder of HWL and hence is a connected person of HWL within the meaning of the Listing Rules. Each of Changrun and Jianghe is an associate of CKH and is also a connected person of HWL. Accordingly, the funding contributions, including the registered capital of, and any shareholders' loans to, the JVCo by CKH, HWL and/or their respective subsidiaries through Elegant Wealth, and by SZ Baoan through Changrun and Jianghe constitute connected transactions for both CKH and HWL under Listing Rule 14A.13(2)(a). The joint venture arrangements between Changrun, Jianghe and Elegant Wealth in the establishment of the JVCo also constitute connected transactions for HWL under Listing Rule 14A.13(6). As one or more of the relevant percentage ratios represented by the funding contribution, including the registered capital of, and any shareholders' loans to, the JVCo for Changrun, Jianghe and Elegant Wealth and the respective commitment amount of the joint venture arrangements in the establishment of the JVCo is or are more than 0.1% but less than 2.5%, such funding contribution and joint venture arrangements 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 respect of the establishment of the JVCo for the purposes of the Acquisition and Development through Elegant Wealth, Changrun and Jianghe

Land Use Right Transfer Contract

Date: 9 January 2007

Parties: (1) Elegant Wealth
(2) Changrun
(3) Jianghe
(4) Land Bureau

Subject matter: The acquisition of the land use right in respect of the Putuo Land by Elegant Wealth, Changrun and Jianghe from the Land Bureau against payment of transfer fee and upon and subject to such other terms and conditions as set out therein.

Land Development and Possession Contract

Date: 9 January 2007

Parties: (1) Elegant Wealth
(2) Changrun
(3) Jianghe
(4) Land Development Centre

Subject matter: The possession of the Putuo Land by Elegant Wealth, Changrun and Jianghe from the Land Development Centre against payment of development fee and upon and subject to such other terms and conditions as set out therein.

Acquisition and Development

The respective Boards of CKH and HWL announce that Elegant Wealth, a non wholly-owned subsidiary of HWL owned by HWL as to 51% and CKH as to 49%, and Changrun and Jianghe, each held by CKH and HWL indirectly (on an equal basis) as to 99% and the Independent Party as to 1%, were successful in the bid for the Putuo Land for development into commercial and residential properties with Elegant Wealth's, Changrun's and Jianghe's investment proportions in such development being 60%, 25% and 15% respectively.

Pursuant to the Land Use Right Transfer Contract and the Land Development and Possession Contract, Elegant Wealth, Changrun and Jianghe agreed to acquire the land use right and pay the transfer fee and development fee in respect of the Putuo Land for an aggregate consideration of RMB2,200 million (approximately HK\$2,200 million) payable by instalments and subject to the respective terms and conditions set out therein.

Under the Land Use Right Transfer Contract, the transfer fee of RMB660 million (approximately HK\$660 million) is payable to the Land Bureau by 2 instalments as set out below and subject to the terms and conditions set out therein:

<u>Date of payment</u>	<u>Amount</u>
After the signing of the Land Use Right Transfer Contract	RMB220 million (paid by way of set-off against RMB220 million already paid as deposit for the bidding of the Putuo Land)
Within 60 days from the date of the Land Use Right Transfer Contract, i.e. on or before 9 March 2007	RMB440 million
Total	<u><u>RMB660 million</u></u>

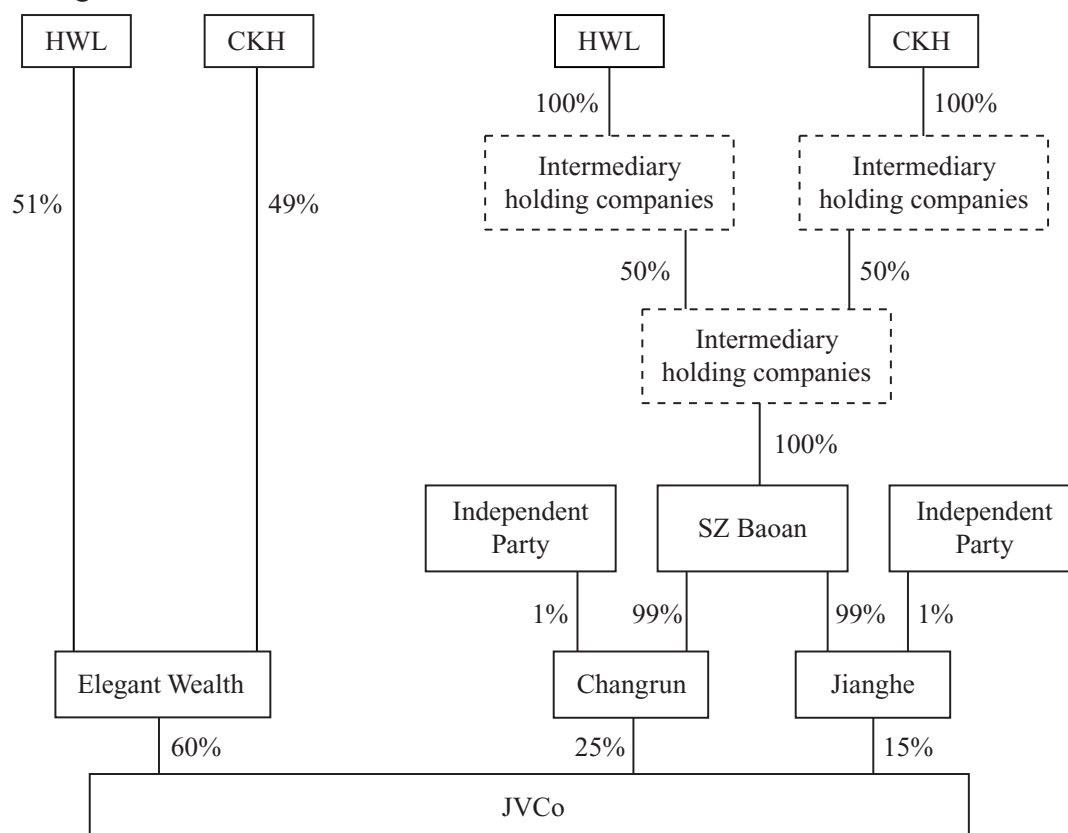
Under the Land Development and Possession Contract, the development fee (as remaining part of the bid price) of RMB1,540 million (approximately HK\$1,540 million) is payable to the Land Development Centre by 3 instalments as set out below and subject to the terms and conditions set out therein:

<u>Date of payment</u>	<u>Amount</u>
Within 10 working days from the date of the Land Development and Possession Contract, i.e. on or before 22 January 2007	RMB770 million (already paid)
Within 90 days from the date of the Land Development and Possession Contract, i.e. on or before 6 April 2007	RMB462 million
Within 120 days from the date of the Land Development and Possession Contract, i.e. on or before 8 May 2007	RMB308 million
Total	<u><u>RMB1,540 million</u></u>

For the purposes of the Acquisition and Development, Elegant Wealth, Changrun and Jianghe shall apply to the relevant authorities in the PRC for the establishment of the JVCo with their investment proportions in the JVCo being 60%, 25% and 15% respectively and carry out the Acquisition and Development through the JVCo. Upon the establishment of the JVCo, Elegant Wealth, Changrun and Jianghe may enter into supplemental agreements with the Land Bureau and the Land Development Centre to transfer to the JVCo their rights and obligations under the Land Use Right Transfer Contract and the Land Development and Possession Contract respectively.

To fund the payment of land cost, construction costs and other project costs for the Acquisition and Development, the total investment (including registered capital) of the JVCo, is proposed to be RMB3,600 million (approximately HK\$3,600 million). Any funding contribution, including the registered capital of, and any shareholders' loans to, the JVCo is expected to be made by CKH, HWL and/or their respective subsidiaries through Elegant Wealth, and by SZ Baoan and the Independent Party through Changrun and Jianghe in proportion to their respective effective equity interests in the JVCo.

The shareholding structure of the JVCo as at the date of this announcement is as follows:



Based on the above structure, the effective amounts of commitment on the total investment (including registered capital) of the JVCo by CKH, HWL and/or their respective subsidiaries through Elegant Wealth and by SZ Baoan through Changrun and Jianghe are in proportion to their respective effective equity interests in the JVCo (i.e. 49.2% as to CKH and 50.4% as to HWL) and are RMB1,771,200,000 (approximately HK\$1,771,200,000) and RMB1,814,400,000 (approximately HK\$1,814,400,000) respectively. CKH will account for its interests in Elegant Wealth, Changrun, Jianghe and the JVCo using equity accounting method. HWL will account for its interests in Elegant Wealth and the JVCo as its subsidiaries and those in Changrun and Jianghe using equity accounting method.

Under the Framework Agreement, the Independent Party has been granted options to purchase SZ Baoan's 99% interests in Changrun and Jianghe on the exercise of which in full will result in (i) both Changrun and Jianghe ceasing to be connected persons of CKH and HWL and the joint venture arrangements between Changrun, Jianghe and Elegant Wealth in the establishment of the JVCo ceasing to be connected transactions for HWL and (ii) the effective equity interests of CKH and HWL in the JVCo being reduced and thereafter the funding contribution of CKH, HWL and/or their respective subsidiaries to the JVCo being reduced correspondingly.

However, it is further provided in the Framework Agreement that SZ Baoan may purchase (a) the Independent Party's 1% interests in Changrun and/or Jianghe at cost if the Independent Party shall fail to exercise its option to purchase SZ Baoan's 99% interest in Changrun, or (b) the Independent Party's 1% interest in Jianghe at cost if the Independent Party having exercised its option to purchase SZ Baoan's 99% interest in Changrun, shall fail to exercise its option to purchase SZ Baoan's 99% interest in Jianghe. In any such situation, the effective equity interests of CKH and HWL in the JVCo will be increased and thereafter the funding contribution of CKH, HWL and/or their respective subsidiaries to the JVCo shall also be increased correspondingly. In both such situations, there will be no Listing Rules implications to each of CKH and HWL.

It is expected that under the above joint venture arrangements, each of CKH and HWL will provide its funding contribution from its internal resources for payment of a substantial portion of the transfer fee under the Land Use Right Transfer Contract and the development fee under the Land Development and Possession Contract, and the JVCo may obtain loans from banks, financial institutions or corporations in respect of other project costs for developing the Putuo Land. Any profit of the JVCo that will be distributed to Elegant Wealth and SZ Baoan will ultimately be shared by CKH and HWL in proportion to their respective effective equity interests in the JVCo.

The principal activities of the JVCo will be in relation to the Acquisition and Development. The Board of Elegant Wealth comprises 7 directors, of whom 4 have been nominated by HWL and 3 by CKH. The Board of the JVCo will comprise 10 directors, of whom 6 will be nominated by Elegant Wealth and 2 by each of Changrun and Jianghe. As at the date of this announcement, the principal activity of each of Elegant Wealth, Changrun and Jianghe is investment holding for the JVCo and does not have other business operations, and save in connection with the Acquisition and Development, the JVCo will not have other business operations.

Reasons for the transactions

The establishment of the JVCo for acquiring, owning and developing the Putuo Land into commercial and residential properties is consistent with one of the core business strategies for both CKH and HWL.

The Board of CKH, including the Independent Non-executive Directors of CKH, considers the terms of the joint venture arrangements in respect of Elegant Wealth, Changrun and Jianghe as investment holding companies, and the establishment of the JVCo for the purposes of the Acquisition and Development, all 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 Board of HWL, including the Independent Non-executive Directors of HWL, considers the terms of the joint venture arrangements in respect of Elegant Wealth, Changrun and Jianghe as investment holding companies, and the establishment of the JVCo for the purposes of the Acquisition and Development, all to be in the interests of HWL and its shareholders, on normal commercial terms and fair and reasonable so far as HWL and its 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. Each of Changrun and Jianghe is an associate of CKH and is also a connected person of HWL. Accordingly, the funding contributions, including the registered capital of, and any shareholders' loans to, the JVCo by CKH, HWL and/or their respective subsidiaries through Elegant Wealth, and by SZ Baoan through Changrun and Jianghe constitute connected transactions for both CKH and HWL under Listing Rule 14A.13(2)(a). The joint venture arrangements between Changrun, Jianghe and Elegant Wealth in the establishment of the JVCo also constitute connected transactions for HWL under Listing Rule 14A.13(6). As one or more of the relevant percentage ratios represented by the funding contribution, including the registered capital of, and any shareholders' loans to, the JVCo for Changrun and Jianghe and Elegant Wealth and the respective commitment amount of the joint venture arrangements in the establishment of the JVCo is or are more than 0.1% but less than 2.5%, such funding contribution and joint venture arrangements 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 investment in securities. The HWL Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy, infrastructure, finance and investments & others; and telecommunications.

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 (*also Alternate to Mr. Simon Murray*) 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:

“Acquisition and Development”	acquisition of the Putuo Land and the land use right thereof pursuant to the Land Use Right Transfer Contract and the Land Development and Possession Contract and its development into commercial and residential properties;
“associate”	shall have the meaning ascribed to such term in the Listing Rules;
“Board”	board of directors;
“Changrun”	上海長潤房地產開發有限公司 (Shanghai Changrun Real Estate Development Company Limited), an entity established under the laws of the PRC on 9 October 2006 and indirectly owned by CKH and HWL (on an equal basis) through SZ Baoan as to 99% and directly owned by the Independent Party as to 1%;

“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 such term in the Listing Rules;
“Elegant Wealth”	Elegant Wealth Investment Limited 雅富投資有限公司, a limited liability company incorporated in Hong Kong on 8 April 2005 and was initially wholly-owned by HWL until 49% of which issued share capital was transferred by HWL to CKH at par value on 14 November 2006. Elegant Wealth is as at the date of this announcement owned by HWL as to 51% and CKH as to 49%;
“Framework Agreement”	The framework agreement made in July 2005 and supplemented in July 2006 between a company owned indirectly as to 50% by each of CKH and HWL, the Independent Party and other parties independent of each of CKH and HWL and their respective subsidiaries whereby, inter alia, options have been granted to the Independent Party to purchase SZ Baoan’s entire 99% interest in Changrun and Jianghe respectively exercisable within different time frames and subject to the terms of such agreement;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“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;
“Independent Party”	an entity established under the laws of the PRC which (including its ultimate beneficial owners) is independent of each of CKH and HWL and their respective connected persons;
“Jianghe”	上海江和地產開發有限公司 (Shanghai Jianghe Real Estate Development Company Limited), an entity established under the laws of the PRC on 9 October 2006 and indirectly owned by CKH and HWL (on an equal basis) through SZ Baoan as to 99% and directly owned by the Independent Party as to 1%;
“JVCo”	the sino-foreign equity joint venture to be established in the PRC with the name of 上海長潤江和房地產發展有限公司 (transliterated as “Shanghai Changrun Jianghe Property Development Co., Ltd.”) for the Acquisition and Development;
“Land Bureau”	上海市普陀區房屋土地管理局 (The Bureau of Real Estate and Land Management, Putuo District, Shanghai, PRC), a government department in Putuo District, Shanghai, PRC;
“Land Development and Possession Contract”	the agreement dated 9 January 2007 and made amongst Elegant Wealth, Changrun, Jianghe and the Land Development Centre for possession of the Putuo Land against payment of development fee to the Land Development Centre and upon and subject to such other terms and conditions as set out therein;
“Land Development Centre”	上海市普陀區土地發展中心(Land Development Centre, Putuo District, Shanghai, PRC), a division of the Land Bureau;
“Land Use Right Transfer Contract”	the agreement dated 9 January 2007 and made amongst Elegant Wealth, Changrun, Jianghe and the Land Bureau for the acquisition of land use right in respect of the Putuo Land against payment of transfer fee to the Land Bureau and upon and subject to such other terms and conditions as set out therein;

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Putuo Land”	the piece of land with an area of approximately 177,261.8 square metres located at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SZ Baoan”	和黃地產(深圳寶安)有限公司 (Hutchison Whampoa Properties (Shenzhen Baoan) Limited), a wholly foreign owned enterprise established in the PRC and owned by indirect wholly-owned subsidiaries of CKH and HWL on an equal basis; and
“%”	per cent.

The exchange rate used for reference purpose only in this announcement is RMB1.00 to HK\$1.00.

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, 29 January 2007

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.

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