

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHEUNG KONG (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0001)

CONNECTED TRANSACTION

The Board wishes to announce that on 3rd December, 2008, CKDE, a wholly-owned subsidiary of the Company, entered into the S&P Agreement with Nan Fung pursuant to which CKDE agreed to sell and Nan Fung agreed to purchase the Sale Share, representing 100% of the entire issued share capital of MHJL, for a consideration of US\$1.00 in cash, being the par value of the Sale Share. In accordance with the S&P Agreement, at Completion, CKDE, the Company, MHJL, Chen's Holdings and MCHL would enter into the Shareholders' Agreement.

The only principal asset of MHJL is a 15% shareholding in MCHL, which holds the entire issued share capital of and investment in QNIL. The remaining 85% of the issued shares in MCHL is held by CKDE. Nan Fung has advanced loans in the aggregate sum of HK\$75,955,913.94 to MCHL, upon receipt of which MCHL has on-lent HK\$72,951,150 to QNIL and paid HK\$3,004,763.94 to CKDE's procured lender.

On 3rd October, 2008, QNIL and the Company entered into the Development Agreement with TWW in relation to the Development.

Nan Fung is a substantial shareholder of certain subsidiaries of the Company and hence is a connected person of the Company within the meaning of the Listing Rules. The entering into of the S&P Agreement and the Shareholders' Agreement therefore constitutes a connected transaction for the Company under the Listing Rules. As the relevant percentage ratios (as defined in the Listing Rules) represented by the total of (a) the sale of the Sale Share pursuant to the S&P Agreement, and (b) the advancement made or procured and to be made or procured by Nan Fung or MHJL to MCHL pursuant to the S&P Agreement and the Shareholders' Agreement so far as can be ascertained, are more than 0.1% but less than 2.5%, in accordance with Rule 14A.32 of the Listing Rules, details of the transaction are required to be disclosed in this announcement and included in the Company's next published annual report and accounts.

A. S&P AGREEMENT

1. Date

3rd December, 2008

2. Parties

- (i) Vendor : CKDE, a wholly-owned subsidiary of the Company
- (ii) Purchaser : Nan Fung

Nan Fung is a substantial shareholder of certain subsidiaries of the Company.

3. Assets to be disposed of by CKDE

Pursuant to the S&P Agreement, CKDE agreed to sell and Nan Fung agreed to purchase the Sale Share for a consideration of US\$1.00 in cash, being the par value of the Sale Share. The Sale Share represents the entire issued share capital of MHJL.

The only principal asset of MHJL is a 15% shareholding in MCHL, which holds the entire issued share capital of and investment in QNIL. The remaining 85% of the issued shares in MCHL is held by CKDE. Currently, the only principal asset of QNIL is in relation to the Development pursuant to the Development Agreement.

MHJL was incorporated on 8th August, 2008. The net liability of MHJL as at 31st October, 2008 was approximately HK\$5,530.20 and such amount has not changed since then. Up to the date of this announcement, no financial statements of MHJL have been prepared. Payments made by QNIL under the Development up to the date of this announcement are summarized in Section B below.

4. The consideration

Pursuant to the S&P Agreement, a sum of US\$1.00 was to be paid by Nan Fung to CKDE as consideration for the acquisition of the Sale Share on Completion, such sum being the par value of the Sale Share.

Nan Fung has advanced loans in the aggregate sum of HK\$75,955,913.94 to MCHL, upon receipt of which MCHL has on-lent HK\$72,951,150 to QNIL and paid HK\$3,004,763.94 to CKDE's procured lender. Upon Completion, such on-lending and such reimbursement will be applied towards discharge of MHJL's payment obligations under the Shareholders' Agreement to be executed. Such advancements are unsecured and on normal commercial terms.

The consideration was determined after arm's length negotiations between CKDE and Nan Fung. The consideration for the Sale Share in the sum of US\$1.00 is the par value of the Sale Share. The aggregate sum of HK\$75,955,913.94, which Nan Fung has advanced to MCHL in the manner as aforesaid, is equivalent to 15% share of the amounts paid by QNIL with respect to the Development together with the interest on the reimbursement to CKDE's procured lender for 15% of the total sum advanced by CKDE's procured lender to MCHL.

5. Consent from TWW (and, if required, MTRC)

Completion is conditional upon TWW (and, if required, MTRC) having granted to QNIL and the Company their agreement and consent.

6. Completion and Shareholders' Agreement

Completion is expected to take place on the third Business Day after the date of obtaining the consent of TWW (and, if required, MTRC) mentioned above, or such other date as CKDE and Nan Fung may agree in writing on which Completion shall take place.

In accordance with the S&P Agreement, at Completion, CKDE, the Company, MHJL, Chen's Holdings and MCHL would enter into the Shareholders' Agreement in relation to, among other things, the ownership, management and activities of MCHL and QNIL and the rights and duties among them.

Under the terms of the Shareholders' Agreement, among other things, each of CKDE and MHJL would agree that all further funds required for the purposes of the Development shall be contributed or procured by the shareholders of MCHL in the form of loans in proportion to their respective shareholdings in MCHL or (if the shareholders of MCHL agree unanimously) financed by borrowing from banks and/or financial institutions.

Pursuant to the Shareholders' Agreement, each of MHJL and Chen's Holdings (being the ultimate holding company of MHJL) would agree to jointly and severally indemnify and pay the Company 15% of all amounts paid or procured to be paid by the Company under the Guarantees and Undertakings.

7. The aggregate value of the consideration

The aggregate value of the consideration payable by Nan Fung and MHJL under the S&P Agreement and the Shareholders' Agreement, taking into account of (i) the consideration for the Sale Share, and (ii) MHJL's share of the funding to MCHL in the form of loans which has been advanced or to be advanced to MCHL under the Shareholders' Agreement so far as can be ascertained, amounts to approximately HK\$435.52 million.

B. BACKGROUND – TSUEN WAN WEST TW7 PROPERTY DEVELOPMENT (TSUEN WAN TOWN LOT NO. 403)

On 25th September, 2008, KCRC accepted an offer from the Government to allow KCRC to develop the Development Site subject to, among other things, KCRC's acceptance of the Government's assessment of the Assessed Premium. The payment of 10% of the Assessed Premium has been made by QNIL on 24th September, 2008 and the balance of the Assessed Premium will be funded by QNIL pursuant to the Development Agreement. The offer was made by the Government on 15th August, 2008.

On 3rd October, 2008:

- (i) QNIL and the Company entered into the Development Agreement with TWW in relation to the Development;
- (ii) the Company executed Guarantee (1) in favour of TWW;
- (iii) the Company and QNIL executed Guarantee (2) in favour of MTRC;
- (iv) the Company and QNIL executed Undertaking (1) in favour of KCRC; and
- (v) the Company and QNIL executed Undertaking (2) in favour of MTRC.

Up to the date of this announcement, QNIL has paid (i) a sum of HK\$240 million as Mandatory Payment (as defined in the Development Agreement) on or before 3rd October, 2008 to TWW and (ii) a sum of HK\$266.341 million as 10% of the Assessed Premium to MTRC, which amounted to the aggregate sum of HK\$506.341 million pursuant to the Development Agreement. The Assessed Premium has been assessed by the Government to be HK\$2,663.41 million.

C. REASONS FOR THE TRANSACTION

The entering into of the Development Agreement by QNIL and the Company with TWW is in furtherance of the Group's business of property development in Hong Kong. The Group and Nan Fung have worked together on other projects and the Board considers that the previous experience of working together successfully made Nan Fung a suitable partner for participating in the Development.

D. CONNECTED TRANSACTION

Nan Fung is a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of certain subsidiaries of the Company. The entering into of the S&P Agreement and the Shareholders' Agreement therefore constitutes a connected transaction for the Company under the Listing Rules. As the relevant percentage ratios (as defined in the Listing Rules) represented by the total of (a) the sale of the Sale Share pursuant to the S&P Agreement, and (b) the advancement made or procured and to be made or procured by Nan Fung or MHJL to MCHL pursuant to the S&P Agreement and the Shareholders' Agreement mentioned above so far as can be ascertained, are more than 0.1% but less than 2.5%, in accordance with Rule 14A.32 of the Listing Rules, details of the transaction are required to be disclosed in this announcement and included in the Company's next published annual report and accounts. The Group does not have any prior transactions with Nan Fung which are required to be aggregated with the S&P Agreement and the Shareholders' Agreement under Rule 14A.25 of the Listing Rules. As and when further financial assistance is provided by Nan Fung to MCHL, the Company will comply with the applicable requirements under the Listing Rules.

E. GENERAL

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

The principal activities of Nan Fung are financing, securities and property investment and investment holding. The principal activities of Chen's Holdings are property investment and development, investment holding and trading, money-lending, building management and provision of building construction contracting and management services.

The Board, including the independent non-executive Directors, considers that the S&P Agreement and the Shareholders' Agreement are on normal commercial terms and are fair and reasonable insofar as the interests of the shareholders of the Company are concerned.

F. DEFINITIONS

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

“Assessed Premium”	the land premium of the Development Site as assessed by the Government to be payable under the Government Grant
“Board”	the board of Directors
"Business Day"	a day on which licensed banks in Hong Kong are open for business (excluding Saturdays and Sundays)
“Chen's Holdings”	Chen's Holdings Limited, a limited liability company incorporated in the British Virgin Islands and the holding company of Nan Fung
“CKDE”	Cheung Kong Development Company Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Company”	Cheung Kong (Holdings) Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the S&P Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Development”	the construction and development of residential accommodation, government accommodation and associated facilities at the Development Site pursuant to the Development Agreement
“Development Agreement”	the agreement dated 3 rd October, 2008 entered into between QNIL, the Company and TWW in relation to the Development
“Development Site”	Tsuen Wan Town Lot No. 403, Tsuen Wan, Hong Kong
“Director(s)”	the director(s) of the Company
“Government”	the Government of Hong Kong
“Government Grant”	the particulars and conditions of exchange of the lot including the Development Site by private treaty as the same may be amended, varied and/or modified from time to time, subject to which the lot including the Development Site is to be granted by the Government to KCRC
“Group”	the Company and its subsidiaries
“Guarantees”	Guarantee (1) and Guarantee (2)
“Guarantee (1)”	the deed of guarantee dated 3 rd October, 2008 made by the Company in favour of TWW whereby the Company agreed to guarantee the due performance and observance by QNIL of all the terms and conditions contained in the Development Agreement and other development documents
“Guarantee (2)”	the deed of guarantee dated 3 rd October, 2008 made by the Company and QNIL in favour of MTRC whereby the Company and QNIL agreed to guarantee the due performance and observance by QNIL of all the terms and conditions contained in the Development Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“KCRC”	Kowloon-Canton Railway Corporation, a corporation established pursuant to the Kowloon-Canton Railway Ordinance 1982 of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MCHL”	Marino Capital Holdings Limited, a limited liability company incorporated in the British Virgin Islands, which is owned as to 85% by CKDE and 15% by MHJL
“MHJL”	Marathon Joy Limited, a limited liability company incorporated in the British Virgin Islands
“MTRC”	MTR Corporation Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange and, in relation to the Development, the agent of both TWW and KCRC for the purpose of implementing the Development
“Nan Fung”	Nan Fung Development Limited, a limited liability company incorporated in Hong Kong
“QNIL”	Queensway Investments Limited (建東投資有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of MCHL and, in relation to the Development, the developer named in the Development Agreement
“Sale Share”	one (1) share with par value of US\$1.00 in the capital of MHJL, representing the entire issued share capital of MHJL
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among CKDE, the Company, MHJL, Chen’s Holdings and MCHL on Completion
“S&P Agreement”	the sale and purchase agreement dated 3 rd December, 2008 made between CKDE as vendor and Nan Fung as purchaser in relation to the sale and purchase of the Sale Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TWW”	Tsuen Wan West TW7 Property Development Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of West Rail Property Development Limited, which in turn is a subsidiary of KCRC
“Undertakings”	Undertaking (1) and Undertaking (2)
“Undertaking (1)”	the deed of undertaking dated 3 rd October, 2008 executed by the Company and QNIL in favour of KCRC whereby the Company and QNIL undertook to KCRC the due observance, compliance and performance of, among others, all the provisions and warranties and all other obligations and liabilities under or in connection with the Development Agreement and agreed to indemnify KCRC against all losses and damages arising out of or in connection with any failure by QNIL in performing and observing the Development Agreement and other development documents

“Undertaking (2)”	the deed of undertaking dated 3 rd October, 2008 executed by the Company and QNIL in favour of MTRC whereby the Company and QNIL undertook to MTRC the due observance, compliance and performance of, among others, all provisions and warranties and all other obligations and liabilities under or in connection with the Development Agreement and agreed to indemnify MTRC against all losses and damages arising out of or in connection with any failure by QNIL in performing and observing the Development Agreement and other development documents
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 3rd December, 2008

The directors (*Note*) of the Company 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 Director to Mr. Simon MURRAY*), Mr. CHEONG Ying Chew, Henry and Mr. KWAN Chiu Yin, Robert 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.