

HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)

ESTABLISHMENT OF A NEW JOINT VENTURE AND CONNECTED TRANSACTIONS

The Directors announce that on 10 July 2002, Kingdom, an indirect wholly owned subsidiary of the Company, entered into the Shareholders' Agreement with, amongst others, Magic Melody, Proficient Investment and New Civic for the proposed establishment of JVCo, a holding company to be incorporated in the Cayman Islands to be principally engaged in hotel services and tourism services in the PRC and the US.

The Shareholders' Agreement contemplates injection of respective assets into JVCo by the Shareholders in return for new shares in JVCo. The resultant shareholdings in JVCo following such asset injections will be 27.5% (Kingdom), 26.42% (Proficient Investment), 6.08% (New Civic) and 40% (Magic Melody).

Magic Melody is a wholly owned subsidiary of Beijing Holdings and is an independent third party not connected with the Company, its directors, chief executive or substantial shareholders or of any of its subsidiaries or of any of their respective associates.

Proficient Investment is a wholly owned subsidiary of Beijing Tourism Group, both being connected persons of the Company by virtue of Proficient Investment being a substantial shareholder of Cavendish, an existing non wholly owned subsidiary of the Company. New Civic is also a connected person of the Company by virtue of it being a wholly owned subsidiary and therefore an associate of Beijing Tourism Group.

The entering into of the Shareholders' Agreement and the Kingdom Asset Injection, when effected, will constitute connected transactions of the Company under the Listing Rules. As the aggregate amount of shareholder's contribution by Kingdom under the Shareholders' Agreement and the consideration for the Kingdom Asset Injection is within the *de-minimis* exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules, details of the Shareholders' Agreement and Kingdom Asset Injection are required to be disclosed in this announcement and, when effected, will be included in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

THE SHAREHOLDERS' AGREEMENT

Date: 10 July 2002

Parties: Kingdom, Magic Melody, Proficient Investment and New Civic (as Shareholders), Hutchison China, Beijing Holdings and Beijing Tourism Group (as guarantors for the respective obligations of Kingdom, Magic Melody, and Proficient Investment and New Civic under the Shareholders' Agreement).

Business: To engage in hotel services and tourism services in the PRC and the US.

Authorised share capital: HK\$50,000 comprising 20,000 "A" shares, 26,960 "B" shares and 3,040 "C" shares all of HK\$1.00 each.

Issued share capital: HK\$10,000 to be issued on or before 10 January 2003 as to 4,000 "A" shares to Magic Melody, 2,750 "B" shares to Kingdom, 2,642 "B" shares to Proficient Investment and 608 "C" shares to New Civic representing 40%, 27.5%, 26.42% and 6.08% of the issued share capital respectively. In consideration for the allotment and issue of new JVCo shares, the Shareholders will procure the injection of various assets into JVCo. Magic Melody will procure the injection of its 50.5% equity interest in Jian Guo Hotel Joint Venture Beijing and 75% interests in two tourism related businesses in the PRC (namely Beijing Badaling Tourism Development Co., Ltd. and Beijing Long Qing Xia Tourism Development Co., Ltd.) at an aggregate agreed value of approximately HK\$508 million. Kingdom and Proficient Investment will effect the Kingdom Asset Injection for an agreed value of approximately HK\$684.8 million. New Civic will procure the injection of its 75% interest in Holiday Inn Hotel in San Francisco, US for an agreed value of approximately HK\$77.2 million. The aggregate agreed valuation of the various assets injected into the JVCo is approximately HK\$1,270 million.

Board of directors: The board of directors of JVCo will comprise 9 directors. Magic Melody and Kingdom are entitled to nominate 4 and 2 directors respectively and Proficient Investment and New Civic are together entitled to nominate 3 directors.

Initial advances: The Shareholders will make interest-free cash advances in the aggregate amount of HK\$15 million to the JVCo as initial working capital in proportion to their respective shareholdings in the JVCo. Save as stated in the foregoing, the Shareholders' Agreement does not impose on the Shareholders any further obligations to provide funding to JVCo without the prior agreement of the Shareholders or the unanimous consent of the JVCo's board of directors.

Governing law: Laws of Hong Kong

REASONS FOR ENTERING INTO THE CONNECTED TRANSACTIONS

In view of the PRC's accession to the World Trade Organization and Beijing's successful bid to host the 2008 Olympic Games, the Directors are of the view that the hotel and tourism businesses in the PRC will be stimulated and activity level will surge. The Directors believe that the proposed establishment of the JVCo provides a good opportunity for the Group to capitalise on this favourable environment and realise the synergistic value created from the combination of the ownership of the various hotel and tourism businesses of the Shareholders to be contributed to the JVCo.

The Directors, including the independent non executive Directors, consider that the Kingdom Asset Injection are upon normal commercial terms and the terms of which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the shareholders of the Company are concerned.

GENERAL

The principal activity of Kingdom is the holding of various investments made by the Group in the PRC.

Magic Melody is a wholly owned subsidiary of Beijing Holdings and is an independent third party not connected with the Company, its directors, chief executive or substantial shareholders or of any of its subsidiaries or of any of their respective associates.

Proficient Investment is a wholly owned subsidiary of Beijing Tourism Group, both being connected persons of the Company by virtue of Proficient Investment being a substantial shareholder of Cavendish, an existing non wholly owned subsidiary of the Company. New Civic is also a connected person of the Company by virtue of it being a wholly owned subsidiary and, therefore, an associate of Beijing Tourism Group.

As the aggregate amount of shareholder's contribution by Kingdom under the Shareholders' Agreement and the consideration for the Kingdom Asset Injection is within the *de-minimis* exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules, details of the Shareholders' Agreement and the Kingdom Asset Injection are required to be disclosed in this announcement and, when effected, will be included in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"associates"	shall have the meaning ascribed to it in the Listing Rules;
"Beijing Holdings"	means Beijing Enterprises Holdings Limited (北京控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
"Beijing Tourism Group"	means 北京首都旅游集團有限公司 (translated for the purpose of this announcement as "Beijing Tourism Group Corporation Limited"), a limited liability company incorporated under the laws of the PRC;
"Cavendish"	means Cavendish Hotels (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are held as to 51% by Kingdom and 49% by Proficient Investment;
"Company"	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
"Director(s)"	means director(s) of the Company from time to time;
"Doncaster"	means Doncaster International Limited, a company incorporated in the British Virgin Islands with limited liability, the principal asset of which is its 82% equity interest in a sino-foreign equity joint venture, the Great Wall Hotel Joint Venture of Beijing, (北京市長城飯店公司), principally engaged in the ownership and operation of the Beijing Great Wall Sheraton Hotel in Beijing;
"Doncaster Shares"	means the entire issued share capital of Doncaster as held by Cavendish;
"Group"	means the Company and its subsidiaries;
"HK\$"	means Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"Hutchison China"	means Hutchison Whampoa (China) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company;
"JVCo"	means a company to be incorporated in the Cayman Islands with limited liability and which is to be owned initially by the Shareholders and named Beijing Tourism Development Company Limited (北京旅遊發展有限公司);
"Kingdom"	means Kingdom Development S.A., a company incorporated in the Republic of Panama with limited liability, an indirect wholly owned subsidiary of Hutchison China and of the Company;
"Kingdom Asset Injection"	means the sale to JVCo by Cavendish of the Doncaster Shares in consideration for the issue and allotment of new shares in JVCo, at the direction of Cavendish, to Kingdom and Proficient Investment in the ratio of 51% and 49% respectively. Kingdom and Proficient Investment will accept such new JVCo shares as interest-free and unsecured loans from Cavendish repayable on demand in the principal amount of 51%/49% of the agreed value of the Doncaster Shares;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Magic Melody"	means Magic Melody Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of Beijing Holdings;
"New Civic"	means New Civic Company, Ltd., a company incorporated in the State of California, US with limited liability, an indirect wholly owned subsidiary of Beijing Tourism Group;
"PRC"	means the People's Republic of China;
"Proficient Investment"	means Proficient Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of Beijing Tourism Group;
"Shareholders"	means Magic Melody, Kingdom, Proficient Investment and New Civic collectively; a "Shareholder" means any one of them;
"Shareholders' Agreement"	means the agreement for the proposed establishment of JVCo entered into between the Shareholders on 10 July 2002;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited; and
"US"	means the United States of America.

By Order of the Board

Edith Shih
Company Secretary
Hong Kong, 10 July 2002

Hutchison Whampoa Limited

