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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 wish to announce that Project Co, a company in which CKH and HWL have an indirect shareholding of 45% and 45% respectively through Braintech, and XGW Co, won the land bid of Qingdao Xiao Gang Wan Project. The remaining 10% shareholding of Braintech is held by Billion Merit Limited which is a party independent to each of CKH and HWL and their respective connected persons.

Project Co, a wholly foreign owned enterprise wholly-owned by Braintech, and XGW Co have on 29 June 2006 entered into the Bid Confirmation and Agreement for the purpose of acquiring and redevelopment of Qingdao Xiao Gang Wan Project. It is intended that XGW Land will be redeveloped by Project Co into residential and commercial properties, and the remaining portion of the Qingdao Xiao Gang Wan Project will be developed by XGW Co. Each of Project Co and XGW Co will be responsible for the construction costs in respect of their respective portions of the Qingdao Xiao Gang Wan Project.

Pursuant to the Bid Confirmation and Agreement, Project Co agreed to acquire XGW Land and the land use right thereof for a total consideration of RMB2,250.12 million (approximately HK\$2,182.62 million). The consideration will be payable by instalments and subject to the other terms and conditions set out therein.

To fund the payment of land cost, construction costs and other project costs for the redevelopment of XGW Land, the total investment and registered capital of Project Co are proposed to be increased from US\$17.5 million (approximately HK\$136.5 million) and US\$7 million (approximately HK\$54.6 million) respectively to US\$335.8 million (approximately HK\$2,619.2 million) and US\$118 million (approximately HK\$920.4 million) respectively in stages. The contribution to the registered capital of, and any shareholders' loans to, Project Co will be made by CKH and HWL (or their respective subsidiaries) in proportion to their respective effective equity interests in Project Co.

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 financial assistance provided or to be provided by way of contribution to increase the registered capital of, and any shareholders' loans, to Project Co for the purpose of effecting the Acquisition and Redevelopment constitute connected transactions for CKH and HWL under Listing Rule 14A.13(2). As one or more of the relevant percentage ratios represented by the respective amount of contribution for each of CKH and HWL are more than 0.1% but less than 2.5%, in accordance with Listing Rule 14A.66(2), the provision of financial assistance is exempt from the independent shareholders' approval requirements and is only subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

### **Joint venture arrangements in relation to Braintech and Project Co for the Acquisition and Redevelopment Bid Confirmation and Agreement**

Parties: (1) Qingdao Northern District Government  
(2) Qingdao Land Resources and Housing Administration Bureau  
(3) Project Co and XGW Co

Date: 29 June 2006

Subject matter: Confirmation of bid result, redevelopment and payment of the bid price in respect of bidding of Qingdao Xiao Gang Wan Project on the terms and conditions set out therein.

The respective Boards of CKH and HWL wish to announce that Project Co, a company in which CKH and HWL have an indirect shareholding of 45% and 45% respectively through Braintech, and XGW Co, won the land bid of Qingdao Xiao Gang Wan Project. The remaining 10% shareholding of Braintech is held by Billion Merit Limited which is a party independent to each of CKH and HWL and their respective connected persons.

Project Co, a wholly foreign owned enterprise wholly-owned by Braintech, and XGW Co have on 29 June 2006 entered into the Bid Confirmation and Agreement for the purpose of acquiring and redeveloping Qingdao Xiao Gang Wan Project. It is intended that XGW Land will be redeveloped by Project Co into residential and commercial properties, and the remaining portion of the Qingdao Xiao Gang Wan Project will be developed by XGW Co. Each of Project Co and XGW Co will be responsible for the construction costs in respect of their respective portions of the Qingdao Xiao Gang Wan Project.

Pursuant to the Bid Confirmation and Agreement, Project Co agreed to acquire XGW Land together with the land use right thereof for a total consideration of RMB2,250.12 million (approximately HK\$2,182.62 million). The consideration will be payable by instalments and subject to the other terms and conditions set out therein.

To fund the payment of land cost, construction costs and other project costs for the redevelopment of XGW Land, the total investment and registered capital of Project Co are proposed to be increased from US\$17.5 million (approximately HK\$136.5 million) and US\$7 million (approximately HK\$54.6 million) respectively to US\$335.8 million (approximately HK\$2,619.2 million) and US\$118 million (approximately HK\$920.4 million) respectively in stages.

The contribution to the registered capital of, and any shareholders' loans to, Project Co will be made by CKH and HWL (or their respective subsidiaries) using their respective internal resources and in proportion to their respective effective equity interests in Project Co. It is expected that any profit of Project Co is to be for the sole account of Braintech and to be ultimately shared by CKH and HWL in proportion to their respective effective equity interests in Project Co, and the respective interest in XGW Land will be accounted for by CKH and HWL using equity accounting method.

The consideration payable under the Bid Confirmation and Agreement was arrived at after bidding process and commercial negotiations between the parties on an arm's length basis.

The principal activities of Project Co will be in relation to the ownership and redevelopment of XGW Land.

### **Reasons for the transactions**

The addition of interests in XGW Land to the landbank for redevelopment into residential and commercial 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 for the acquisition of the land use right of XGW Land and for the increase in the total investment amount of Project Co for the purpose of the Acquisition and Redevelopment 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 financial assistance provided or to be provided by way of contribution to increase the registered capital of, and any shareholders' loans, to Project Co for the purpose of effecting the Acquisition and Redevelopment constitute connected transactions for CKH and HWL under Listing Rule 14A.13(2). As one or more of the relevant percentage ratios represented by the respective amount of contribution for each of CKH and HWL are more than 0.1% but less than 2.5%, in accordance with Listing Rule 14A.66(2), the provision of financial assistance is exempt from the independent shareholders' approval requirements and is 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; energy, infrastructure, finance & investments and 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, 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:

“Acquisition and Redevelopment”	acquisition of XGW Land and the land use right thereof pursuant to the Bid Confirmation and Agreement and the redevelopment thereof;
“Bid Confirmation and Agreement”	the agreement entered into between Qingdao Northern District Government, Qingdao Land Resources and Housing Administration Bureau, Project Co and XGW Co on 29 June 2006 for the confirmation of bid result, redevelopment and payment of the bid price in respect of bidding of Qingdao Xiao Gang Wan Project;
“Board”	board of directors;
“Braintech”	Braintech Limited, a company incorporated in the British Virgin Islands, in which CKH and HWL have an indirect shareholding of 45% and 45% respectively;
“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;
“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;
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“PRC”	People’s Republic of China;
“Project Co”	Hutchison Whampoa Properties (Qingdao) Limited (和記黃埔地產(青島)有限公司), a wholly foreign owned enterprise established in the PRC and wholly-owned by Braintech;
“Qingdao Xiao Gang Wan Project”	the piece of land with an area of approximately 386,207 square metres which borders No. 6 Dock Road to the north, the boundary of the Administrative Region of the North District to the south, Guangxian Road to the east and the waterfront to the west, and located at Xiao Gang Wan, Qingdao, the PRC and the structures erected thereon;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“XGW Co”	青島小港灣旅游開發建設有限公司 (Qingdao Xiao Gang Wan Travel Development and Construction Limited), an entity established under the laws of the PRC and which itself and the beneficial owner of which are independent to each of CKH and HWL and their respective connected persons;
“XGW Land”	Portions of land in Qingdao Xiao Gang Wan Project with an area of approximately 311,780 square metres, representing approximately 81% of the total area of Qingdao Xiao Gang Wan Project;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“US\$”	United States Dollars, the lawful currency of the United States of America.

The exchange rates used for reference purpose in this announcement are RMB1.00 to HK\$0.97, and US\$1.00 to HK\$7.80.

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 June 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 as NED/INED.*

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