

# HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 013)

## ANNOUNCEMENT CONNECTED TRANSACTIONS

The Board announced in the Previous Announcement the entering into of the JV Contract and the Management Contract respectively for the establishment of the JV Co and the management of Phases I, II and III of the Shenzhen Yantian Port on a consolidated basis.

The Board is pleased to announce that on 8 November 2005:

- (i) Hutchison Ports Yantian, an indirect non wholly owned subsidiary of the Company, entered into the Supplemental JV Contract with PRC Partner for, among other things, the increase in the total investment and registered capital of JV Co from HK\$5,746,520,000 and HK\$2,400 million respectively to HK\$16,194,980,000 and HK\$6,056,960,000 respectively. JV Co is a sino-foreign equity joint venture company in the PRC for the development, operation and management of the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port and expansion of the Shenzhen Yantian Port. The estimated aggregate amount of interest-free shareholders' loans expected to be contributed to JV Co by Hutchison Ports Yantian and PRC Partner is RMB4,460 million (or approximately HK\$4,275 million). Any contribution to increase the registered capital of, and any shareholders' loans to, JV Co will be effected by Hutchison Ports Yantian and PRC Partner pro rata to their current 65:35 respective equity interests in JV Co;
- (ii) PRC Partner and JV Co entered into the Terminal Site and Coastline Use Right Transfer Contract for the satisfaction of certain project requirements of the expansion of the Shenzhen Yantian Port including the transfer of land use rights and coastline use rights by PRC Partner to JV Co for an aggregate cash consideration of RMB1,854,512,613.20 (or approximately HK\$1,778 million) payable by instalments and the construction and provision of access roads to the project site and other port-related facilities at a management fee equivalent to 10% of the contract price under the construction contract between PRC Partner and the contractor to be engaged in the construction of access roads to the project site;
- (iii) YICT and JV Co entered into the Supplemental Management Agreement to regulate the management of Phases I, II and III of the Shenzhen Yantian Port and expansion of the Shenzhen Yantian Port on a consolidated basis;
- (iv) PRC Partner and JV Co entered into the Rock Materials Supply Contract for the sale of rock materials by PRC Partner to JV Co required for expansion of the Shenzhen Yantian Port for an aggregate cash consideration of RMB450 million (or approximately HK\$431 million) payable by instalments; and
- (v) PRC Partner and JV Co entered into the Dredging Management Contract pursuant to which PRC Partner will provide to JV Co management services in relation to dredging work for expansion of the Shenzhen Yantian Port for a management fee in an amount not exceeding 11% of the contract price under dredging contract to be entered into by JV Co with dredging contractor.

PRC Partner is a connected person of the Company by virtue of being a substantial shareholder of JV Co. JV Co is a connected person of the Company by virtue of being a 35%-held associate of PRC Partner. Each contribution of additional capital in JV Co by Hutchison Ports Yantian constitutes a connected transaction for the Company. The financial assistance to be provided by Hutchison Ports Yantian to JV Co by way of shareholder's loans on an unsecured basis and on normal commercial terms in proportion to its 65%-held equity interest in JV Co constitutes a connected transaction for the Company under Listing Rule 14A.13(2). As the relevant percentage ratios represented by the aggregate amount of contribution by Hutchison Ports Yantian to increase the registered capital of, and any shareholders' loans to, JV Co under the Supplemental JV Contract are more than 0.1% but less than 2.5%, such transaction is exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

The entering into of the Terminal Site and Coastline Use Right Transfer Contract, the Supplemental Management Agreement, the Rock Materials Supply Contract and the Dredging Management Contract constitutes connected transactions for the Company under the Listing Rules. As the relevant percentage ratios represented by the above contracts, on an aggregated basis, are more than 0.1% but less than 2.5%, such contracts are according to Listing Rule 14A.32(1) exempt from the independent shareholders' approval requirements and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

### SUPPLEMENTAL JV CONTRACT

**Date:** 8 November 2005

**Parties:** (i) Hutchison Ports Yantian, an indirect non wholly owned subsidiary of the Company; and  
(ii) PRC Partner, a connected person of the Company

**Scope of business:** To develop, operate and manage the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port and expansion of the Shenzhen Yantian Port.

**Purpose:** To increase the total investment and the registered capital of JV Co, established pursuant to the JV Contract dated 26 November 2001, from HK\$5,746,520,000 and HK\$2,400 million respectively to HK\$16,194,980,000 and HK\$6,056,960,000 respectively.

**Funding requirements:** As provided in the JV Contract, the difference between the total amount of funds required for the construction and operation of the Phase III and expansion of the Shenzhen Yantian Port and the registered capital of JV Co shall be funded either by bank loans to be raised by JV Co and/or by shareholders' loans to be provided by Hutchison Ports Yantian and PRC Partner in proportion to their equity interests in JV Co (currently 65:35), as determined by the board of directors of JV Co. The estimated aggregate amount of interest-free shareholders' loans expected to be contributed to JV Co by Hutchison Ports Yantian and PRC Partner is RMB4,460 million (or approximately HK\$4,275 million). Any contribution to increase the registered capital of, and any shareholders' loans to, JV Co will be effected by Hutchison Ports Yantian and PRC Partner pro rata to their current 65:35 respective equity interests in JV Co.

**Profit sharing:** As stated in the JV Contract, profit sharing between Hutchison Ports Yantian and PRC Partner is in proportion to their respective equity interests in JV Co held currently in the ratio of 65:35 respectively.

**Conditions precedent:** The approval of the final terms of the Supplemental JV Contract and of the supplemental agreement to the articles of JV Co and issue of revised business licence to JV Co all by the respective relevant PRC government authorities.

### TERMINAL SITE AND COASTLINE USE RIGHT TRANSFER CONTRACT

**Date:** 8 November 2005

**Parties:** (i) PRC Partner, a connected person of the Company; and  
(ii) JV Co, a 65%-held subsidiary of Hutchison Ports Yantian

**Key terms:** To satisfy the project requirements of the expansion of the Shenzhen Yantian Port, JV Co agrees (i) to acquire the land use rights and coastline use rights in respect of the project site of an aggregate area of 914,454 square metres ("Transferred Property") (excluding that part of the land to be injected by PRC Partner as its capital contribution in kind to JV Co) ("Land Rights") and, subject to an agreement to be entered into with PRC Partner, non-exclusive ocean use right in relation to the navigational channel and basin of the expansion of the Shenzhen Yantian Port and (ii) to engage PRC Partner to construct and provide access roads to the project site and other port-related facilities.

**Consideration:** The aggregate consideration payable by JV Co to PRC Partner for the Land Rights will be RMB1,854,512,613.20 (or approximately HK\$1,778 million) payable by four instalments, the last of which is, among other things, payable upon completion of acceptance tests by the relevant PRC authorities. A management fee equivalent to 10% of the contract price under the construction contract between PRC Partner and the contractor to be engaged in the construction of access roads to the project site will be payable by JV Co to PRC Partner. JV Co will also reimburse the contract price paid by PRC Partner to the contractor to be engaged in the construction of such access roads. The estimated (but not committed) amount of such management fee payable to PRC Partner is RMB500,000 (or approximately HK\$479,000).

**Condition precedent:** The approval of this contract by the Shenzhen Land Administration Authority.

Hutchison Ports Yantian has been advised that the entire Transferred Property is reclaimed land, the costs to PRC Partner for acquisition of which was negligible.

### SUPPLEMENTAL MANAGEMENT AGREEMENT

**Date:** 8 November 2005

**Parties:** (i) YICT, a 73%-held subsidiary of Hutchison Ports Yantian; and  
(ii) JV Co, a 35%-held associate of PRC Partner, a connected person of the Company

**Purpose:** To expand the scope of the Management Contract whereby YICT agrees to manage not only Phases I, II and III but also the expansion of the Shenzhen Yantian Port on a consolidated basis.

**Earnings sharing:** The earnings before interest, tax, depreciation and amortization derived from Phases I, II and III and expansion of the Shenzhen Yantian Port will be split amongst Phases I and II, Phase III, and the expansion of the Shenzhen Yantian Port in accordance with a formula which takes into consideration the capacity of these phases discounted by the berth completion time and yard size of the expansion of the Shenzhen Yantian Port. Phases I and II, Phase III, and the expansion of the Shenzhen Yantian Port will share throughput at a ratio of 1:1:1.5385 or 1:1:1.67 at the time determined in accordance with the terms of the Supplemental Management Agreement. No other fee is payable to YICT for provision of its management services under this Supplemental Management Agreement.

**Term:** This Supplemental Management Agreement will automatically terminate upon the determination of the YICT joint venture or the JV Co joint venture, whichever is the earlier to occur.

**Effective date:** This Supplemental Management Agreement comes into effect upon signing.

### ROCK MATERIALS SUPPLY CONTRACT

**Date:** 8 November 2005

**Parties:** (i) PRC Partner, a connected person of the Company; and  
(ii) JV Co, a 65%-held subsidiary of Hutchison Ports Yantian

**Key terms:** PRC Partner will supply to JV Co rock materials required in respect of the construction works associated with expansion of the Shenzhen Yantian Port.

**Consideration:** An aggregate amount of RMB450 million (or approximately HK\$431 million) to be payable by instalments according to the quantity of rock materials to be supplied from time to time.

**Term:** The rock material supply is expected to be completed by November 2008.

**Effective date:** This Rock Materials Supply Contract comes into effect upon signing.

### DREDGING MANAGEMENT CONTRACT

**Date:** 8 November 2005

**Parties:** (i) PRC Partner, a connected person of the Company; and  
(ii) JV Co, a 65%-held subsidiary of Hutchison Ports Yantian

**Key terms:** PRC Partner agrees to manage the performance of dredging work by independent third party contractor for expansion of the Shenzhen Yantian Port including to be responsible for and assist in obtaining governmental approvals associated with such dredging work.

**Consideration:** The management fee payable shall not exceed 11% of the contract price under dredging contract to be entered into by JV Co and the relevant independent third party contractor. The estimated (but not committed) amount of such management fee is RMB37 million (or approximately HK\$35.5 million).

**Term:** The dredging work is expected to be completed by November 2008.

**Effective date:** This Dredging Management Contract comes into effect upon signing.

### REASONS FOR ENTERING INTO THE CONNECTED TRANSACTIONS

The rapid economic development of the Pearl River region has led to a surge in demand for port services. The existing capacity at Phases I, II and III of the Shenzhen Yantian Port will not be sufficient to meet the growing demands. The Directors consider the expansion of the Shenzhen Yantian Port for construction and operation of six additional container berths to be essential to capture the anticipated and continuing growing demands for port services in such region and allow the Group expand its capacity to provide port services to capture such future opportunities.

The Directors, including the independent non-executive Directors, consider that the Supplemental JV Contract, the Terminal Site and Coastline Use Right Transfer Contract, the Supplemental Management Agreement, the Rock Materials Supply Contract and the Dredging Management Contract (which are all incidental to and necessary for the execution of such expansion plan) to be on normal commercial terms (including the amount of consideration for each such contract being set at a price which is no higher than the prevailing market price for similar assets, services or products sold) and 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 Group operates and invests in five core businesses: ports and related services; property and hotels; retail and manufacturing; energy, infrastructure, finance and investments; and telecommunications. The principal business of Hutchison Ports Yantian is investment holding in the container terminals in the Shenzhen Yantian Port.

The principal business of the PRC Partner Group is investment holding and business activities incidental thereto in Yantian, PRC.

PRC Partner is a connected person of the Company by virtue of being a substantial shareholder of JV Co. JV Co is a connected person of the Company by virtue of being a 35%-held associate of PRC Partner. Each contribution of additional capital in JV Co by Hutchison Ports Yantian constitutes a connected transaction for the Company. The financial assistance to be provided by Hutchison Ports Yantian to JV Co by way of shareholder's loans on an unsecured basis and on normal commercial terms in proportion to its 65%-held equity interest in JV Co constitutes a connected transaction for the Company under Listing Rule 14A.13(2). As the relevant percentage ratios represented by the aggregate amount of contribution by Hutchison Ports Yantian to increase the registered capital of, and any shareholders' loans to, JV Co under the Supplemental JV Contract are more than 0.1% but less than 2.5%, such transaction is exempt from the independent shareholders' approval requirements and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

The entering into of the Terminal Site and Coastline Use Right Transfer Contract, the Supplemental Management Agreement, the Rock Materials Supply Contract and the Dredging Management Contract constitutes connected transactions for the Company under the Listing Rules. As the relevant percentage ratios represented by the above contracts, on an aggregated basis, are more than 0.1% but less than 2.5%, such contracts are according to Listing Rule 14A.32(1) exempt from the independent shareholders' approval requirements and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

## DIRECTORS

As at the date of this announcement, the Directors are:

### Executive Directors:

Mr. Li Ka-shing (*Chairman*)  
Mr. Li Tzar Kuoi, Victor (*Deputy Chairman*)  
Mr. FOK Kin-ning, Canning  
Mrs. CHOW WOO Mo Fong, Susan  
Mr. Frank John SIXT  
Mr. LAI Kai Ming, Dominic  
Mr. KAM Hing Lam

### Non-executive Directors:

Mr. George Colin MAGNUS  
Mr. William SHURNIAK

### Independent Non-executive Directors:

Mr. Michael David KADOORIE  
Mr. Holger KLUGE  
Mr. William Elkin MOCATTA  
(*Alternate to Mr. Michael David Kadoorie*)  
Mr. Simon MURRAY  
Mr. OR Ching Fai, Raymond  
Mr. WONG Chung Hin  
(*also Alternate to Mr. Simon Murray*)

## DEFINITIONS

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

"associate"	shall have the meaning ascribed to that term in the Listing Rules
"Board"	board of Directors
"Company"	Hutchison Whampoa Limited, a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 013)
"connected person"	shall have the meaning ascribed to that expression in the Listing Rules
"Directors"	directors of the Company
"Dredging Management Contract"	the contract dated 8 November 2005 and made between PRC Partner and JV Co for, among other things, management of dredging work to be carried out at the expansion of the Shenzhen Yantian Port subject to and in accordance with its terms
"Group"	the Company and its subsidiaries
"Hutchison Ports Yantian"	Hutchison Ports Yantian Limited, an indirect non wholly owned subsidiary of the Company and the holder of 65% equity interest in JV Co
"JV Co"	Yantian International Container Terminals (Phase III) Limited (鹽田三期國際集裝箱碼頭有限公司), a sino-foreign equity joint venture established on 26 December 2002 under the JV Contract for the development, operation and management of the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port, with directors appointed as to seven and four by Hutchison Ports Yantian and the PRC Partner respectively and a connected person of the Company
"JV Contract"	the contract dated 26 November 2001 and made between Hutchison Ports Yantian and PRC Partner for the establishment of JV Co, as supplemented by the Supplemental JV Contract
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Contract"	the contract dated 26 November 2001 and made between YICT and JV Co for, among other things, operation and management of the facilities at Phases I, II and III of the Shenzhen Yantian Port on a consolidated basis subject to and in accordance with its terms
"PRC"	the People's Republic of China
"PRC Partner"	Shenzhen Yantian Port Group Company Limited (深圳市鹽田港集團有限公司), an entity established under the laws of the PRC and which is the holding company of PRC Partner Subsidiary and a connected person of the Company
"PRC Partner Group"	PRC Partner, PRC Partner Subsidiary and its other subsidiaries
"PRC Partner Subsidiary"	an entity established under the laws of the PRC, a non wholly owned subsidiary of PRC Partner and holder of 27% equity interest in YICT, a connected person of the Company
"Previous Announcement"	the Company's announcement made on 26 November 2001 disclosing information relating, among other things, to the establishment of JV Co and the Management Contract
"Rock Materials Supply Contract"	the contract dated 8 November 2005 and made between PRC Partner and JV Co for, among other things, the supply of rock materials by PRC Partner to JV Co for the construction work to be carried out for expansion of the Shenzhen Yantian Port subject to and in accordance with its terms
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental JV Contract"	the contract dated 8 November 2005 and made between Hutchison Ports Yantian and the PRC Partner for, among other things, the proposed increase in the total investment and registered capital of JV Co subject to the terms and conditions set out therein
"Supplemental Management Agreement"	the contract dated 8 November 2005 and made between YICT and JV Co for, among other things, operation and management of the facilities at Phases I, II and III and expansion of the Shenzhen Yantian Port on a consolidated basis subject to and in accordance with its terms
"Terminal Site and Coastline Use Right Transfer Contract"	the contract dated 8 November 2005 and made between PRC Partner and JV Co for, among other things, the transfer of the land use right and coastline use right in respect of the project site for the expansion of the Shenzhen Yantian Port subject to and in accordance with its terms
"YICT"	Yantian International Container Terminals Limited (鹽田國際集裝箱碼頭有限公司), a sino-foreign equity joint venture established on 16 November 1993 between Hutchison Ports Yantian and the PRC Partner Subsidiary for operating the berths and other related facilities at Phase I of the Shenzhen Yantian Port and for developing and operating the berths at Phase II of the Shenzhen Yantian Port with directors appointed as to seven and three by Hutchison Ports Yantian and the PRC Partner Subsidiary respectively
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of PRC

For the purpose of this announcement and for reference only, the exchange rate of RMB1.00 to HK\$0.9585 is adopted.

By order of the Board

**HUTCHISON WHAMPOA LIMITED**

**Edith Shih**

*Company Secretary*

Hong Kong, 8 November, 2005

**Hutchison Whampoa Limited**

