

Hutchison Whampoa Limited



(Incorporated in Hong Kong with limited liability)

(Stock Code: 013)

ANNOUNCEMENT CONNECTED TRANSACTIONS

The Board wishes to announce that on 17 March 2006:

- (i) BTDC, an associate of BTG, entered into an agreement for, and on the same day completed, the repurchase of the entire shareholding held by Kingdom, an indirect wholly owned subsidiary of the Company, in BTDC. The Repurchase was effected at a consideration of HK\$358,906,382 and was deemed to have been satisfied by a transfer of BTDC's entire shareholding in Doncaster to Cavendish, an indirect non wholly owned subsidiary of the Company; and
- (ii) BTG and Cavendish entered into a conditional agreement for the sale and purchase of the Sale Shares for an aggregate cash consideration of RMB657.60 million (or approximately HK\$634.6 million), subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement. The Sale Shares represent 69.14% of the issued share capital of BCT, comprising all the non-tradable legal person shares held by BTG. It is contemplated that BCT will submit and implement the Share Reform Proposal thereby converting the Sale Shares into tradable A shares subject to and in accordance with the terms of such proposal and PRC laws and regulations. The implementation of the Share Reform Proposal, on the currently contemplated terms, will result in a reduction of the Sale Shares to be acquired or held by Cavendish to approximately 60% of the current issued share capital of BCT.

BTDC and BTG are both connected persons of the Company by virtue of being an associate of and the holding company respectively of Proficient Investment, a substantial shareholder of Cavendish, an indirect non wholly owned subsidiary of the Company. Each of the Repurchase and Acquisition constitutes a connected transaction for the Company under Listing Rule 14A.13(1). As the relevant percentage ratios for each of the Repurchase and Acquisition are more than 0.1% but less than 2.5%, such transactions are according to Listing Rules 14A.32(1) exempt from independent shareholders' approval requirements and are subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

REPURCHASE AGREEMENT

Date: 17 March 2006

Parties: (i) Kingdom
(ii) Proficient Investment
(iii) BTDC

Key terms: The Board announced in the Previous Announcement the entering into of the Shareholders' Agreement for the establishment of BTDC as a joint venture company. On 10 July 2002, Kingdom and Proficient Investment transferred the Doncaster Interest in consideration for the allotment and issue of 2,750 "B" shares of BTDC to Kingdom and 2,642 "B" shares of BTDC to Proficient Investment. Under the Repurchase Agreement, BTDC repurchased all "B" shares of BTDC, comprising 2,750 "B" shares held by Kingdom and 2,642 "B" shares held by Proficient Investment at an aggregate consideration of HK\$703,738,003 and payable as to 51% (i.e. HK\$358,906,382) and 49% (i.e. HK\$344,831,621) to Kingdom and Proficient Investment respectively, being the value attributable to all "B" shares of BTDC based on the book value of BTDC's investment in Doncaster as at 28 February 2006.

The unaudited net asset value of BTDC as at 31 December 2004 and 2005 was HK\$1,097.4 million and HK\$778.3 million respectively. The unaudited profits before taxation and before and after minority interest (if any) of BTDC for the financial years ended 31 December 2004 and 2005 were HK\$13.2 million and HK\$45.3 million respectively.

Consideration: The consideration for the Repurchase payable by BTDC was satisfied by transferring the entire issued share capital of Doncaster held by BTDC to Kingdom and Proficient Investment in proportion to their 51:49 holding of "B" shares in BTDC. Each of Kingdom and Proficient Investment has directed BTDC to transfer their proportional entitlements to the Doncaster Interest to Cavendish, an indirect non wholly owned subsidiary of the Company.

SALE AND PURCHASE AGREEMENT

Date: 17 March 2006

Parties: (i) BTG, as vendor
(ii) Cavendish, as purchaser

Transaction: BTG agreed to sell, and Cavendish agreed to purchase, the Sale Shares subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement. The Sale Shares currently represent 69.14% of the issued share capital of BCT, comprising all the non-tradable legal person shares held by BTG. It is contemplated that BCT will submit and implement the Share Reform Proposal thereby converting the Sale Shares into tradable A shares subject to and in accordance with the terms of such proposal and PRC laws and regulations. The implementation of the Share Reform Proposal, on the currently contemplated terms, will result in a reduction of the Sale Shares to be acquired or held by Cavendish to approximately 60% of the current issued share capital of BCT.

The audited net asset value of BCT as at 31 December 2004 and 2005 was RMB810.51 million (or approximately HK\$782 million) and RMB831.65 million (or approximately HK\$803 million) respectively. The audited net profits before taxation and minority interest of BCT for the financial years ended 31 December 2004 and 2005 were RMB99.43 million (or approximately HK\$96 million) and RMB90.72 million (or approximately HK\$88 million) respectively. The audited net profits after taxation and minority interest of BCT for the financial years ended 31 December 2004 and 2005 was RMB60.48 million (or approximately HK\$58 million) and RMB57.88 million (or approximately HK\$56 million) respectively. BTG has advised that the original purchase cost of the Sale Shares to BTG was RMB245,516,200 (or approximately HK\$237 million).

Consideration: The aggregate consideration for the Sale Shares is RMB657.60 million (or approximately HK\$634.6 million) which was arrived at by reference to the net asset value of BCT as at 31 December 2005 after arm's length negotiations. The consideration will be paid as to 50% into an escrow account jointly controlled by the parties and, subject to fulfilment of all conditions precedent, be released to BTG together with the balance of the consideration, within 15 business days after Completion. Cavendish will fund such consideration by external financing.

Conditions: The Sale and Purchase Agreement is conditional upon, among others, completion of financial and legal due diligence to the satisfaction of Cavendish, the Share Reform Proposal being approved by BCT's shareholders, the representations and warranties from BTG remaining true and valid at Completion, and obtaining all relevant governmental approvals in accordance with applicable PRC laws and regulations.

REASONS FOR ENTERING INTO THE CONNECTED TRANSACTIONS

The Repurchase will have the effect of re-aligning the parties' focuses, namely, (i) Kingdom and Proficient Investment will focus on hotel and tourism businesses in the PRC through being shareholders of Cavendish, which will wholly own Doncaster, the principal asset of which is a 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 and the Sale Shares on Completion; and (ii) New Civic, an indirect wholly owned subsidiary of BTG will focus on the hotel assets situated in the US through being the sole shareholder of BTDC.

In view of the upcoming 2008 Olympic Games in Beijing, the Directors are of the view that the hotel and tourism businesses in the PRC will experience further growth. Through the Acquisition and following the implementation of the Share Reform Proposal, the Company will be able to take advantage of the favourable industry environment and capitalise on the existing network and management of BTG and invest in freely tradable and liquid assets.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement and the Repurchase Agreement to be on normal commercial terms (including the amount of consideration under each such agreement) which are arrived at after arm's length negotiations between the parties and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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.

BTDC and BTG are both connected persons of the Company by virtue of being an associate of and the holding company respectively of Proficient Investment, a substantial shareholder of Cavendish, an indirect non wholly owned subsidiary of the Company. BTG is an investment holding company and currently holds the entire non-tradable legal person shares of BCT, which mainly engages in hotel investment, retail business and hotel management, travel services, the selling and developing of tourism products, undertaking exhibitions and automobiles leasing in the PRC.

The principal business of Kingdom is the holding of investments by the Group in the PRC. The principal business of Proficient Investment is the holding of hotel and tourism related investments by BTG in the PRC.

Each of the Repurchase and Acquisition constitutes a connected transaction for the Company under Listing Rule 14A.13(1). As the relevant percentage ratios for each of the Repurchase and Acquisition are more than 0.1% but less than 2.5%, such transactions are according to Listing Rule 14A.32(1) exempt from 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:
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
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:

"Acquisition"	the acquisition of the Sale Shares by Cavendish from BTG in accordance with the terms and conditions of the Sale and Purchase Agreement
"associate"	shall have the meaning ascribed to that term in the Listing Rules
"BCT"	北京首都旅遊股份有限公司 (Beijing Capital Tourism Co., Ltd), a joint stock limited liability company incorporated under the laws of the PRC and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600258)

"Board"	board of Directors
"BTDC"	Beijing Tourism Development Company Limited (北京旅遊發展有限公司), a limited liability company incorporated in the Cayman Islands, the issued shares of which were held as to 45.8% by Kingdom, 44.07% by Proficient Investment and 10.13% by New Civic prior to the Repurchase, and the entire issued capital of which is now held by New Civic upon completion of the Repurchase
"BTG"	北京首都旅遊集團有限責任公司 (translated for the purpose of this announcement as "Beijing Tourism Group Corporation Limited"), a limited liability company incorporated under the laws of the PRC, being the holding company of, among others, Proficient Investment, New Civic and BCT
"Cavendish"	Cavendish Hotels (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are held as to 49% by Kingdom and 51% by Proficient Investment (which is subject to Kingdom's option to require Proficient Investment to sell 2% exercisable upon occurrence of certain pre-agreed events and for cash consideration to be calculated according to a pre-agreed formulation)
"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)
"Completion"	completion of the Acquisition in accordance with the terms and conditions contained in the Sale and Purchase Agreement
"connected person"	shall have the meaning ascribed to that expression in the Listing Rules
"CSRC"	China Securities Regulatory Commission
"Directors"	directors of the Company
"Doncaster"	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 Interest"	the entire issued share capital of Doncaster as held by BTDC
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Kingdom"	Kingdom Development S.A., a company incorporated in the Republic of Panama with limited liability, an indirect wholly owned subsidiary of Hutchison Whampoa (China) Limited, an indirect wholly owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Civic"	New Civic Company, Ltd., a company incorporated in the State of California, US with limited liability, an indirect wholly owned subsidiary of BTG
"PRC"	the People's Republic of China
"Previous Announcement"	the Company's announcement dated 10 July 2002 disclosing information relating, among other things, to the establishment of BTDC and the Shareholders' Agreement
"Proficient Investment"	Proficient Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of BTG
"Repurchase"	the repurchase by BTDC of 2,750 "B" shares of BTDC held by Kingdom and 2,642 "B" shares of BTDC held by Proficient Investment in BTDC
"Repurchase Agreement"	the agreement dated 17 March 2006 and made between Kingdom, Proficient Investment and BTDC to effect the Repurchase
"Sale and Purchase Agreement"	the conditional agreement dated 17 March 2006 and made between Cavendish and BTG for the sale of the Sale Shares by BTG to Cavendish in accordance with the terms and conditions contained therein
"Sale Shares"	the 160,000,000 non-tradable legal person shares of BCT representing BTG's entire shareholding in BCT held as at the date of the Sale and Purchase Agreement, or such proportionally reduced number of tradable A shares of BCT in the event of implementation of the Share Reform Proposal prior to Completion
"Shareholders' Agreement"	the agreement for the proposed establishment of BTDC as a joint venture vehicle entered into amongst Magic Melody Limited, Kingdom, Proficient Investment and New Civic on 10 July 2002
"Share Reform Proposal"	the proposal to be approved by Cavendish and submitted to CSRC and the Shanghai Stock Exchange for the conversion of all non-tradable legal person shares of BCT into tradable A shares subject to and in accordance with the terms of the Share Reform Proposal and PRC laws and regulations
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US"	the United States of America
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

For the purpose of this announcement and for reference purpose only, an exchange rate of RMB1.00 to HK\$0.965 is adopted.

By order of the Board
HUTCHISON WHAMPOA LIMITED

Edith Shih
Company Secretary

Hong Kong, 20 March, 2006

22/F, Hutchison House, 10 Harcourt Road, Hong Kong. Tel: 2128 1188 Fax: 2128 1705

Website: www.hutchison-whampoa.com

*Please also refer to the published version of this announcement in
The Standard and Sing Tao Daily.*