



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 JVCo, a joint venture company which is owned as to 50% by Even Spread (an indirect wholly-owned subsidiary of CKH) and 50% by HPL (an indirect wholly-owned subsidiary of HWL), has been established and entered into the Acquisition Agreement and the Land Use Rights Transfer Contract with Fortune World on 14 October 2006 for the acquisition of the land use rights in respect of Pudong Land X3-2.

Pursuant to the Agreements and subject to the terms and conditions set out therein, JVCo will establish Project Company to acquire the land use rights in respect of Pudong Land X3-2 for a consideration of RMB832 million (approximately HK\$815 million) based on a gross floor area (on or above the ground level) of Pudong Land X3-2 of 80,000 square metres and an agreed unit price of RMB10,400 (approximately HK\$10,192) per square metre, subject to adjustment. Pursuant to the Agreements, the consideration of RMB832 million (approximately HK\$815 million) will be payable to Fortune World within 30 working days from the date of establishment of Project Company.

Project Company will be established by JVCo for the purpose of acquiring the land use rights in respect of, and developing, Pudong Land X3-2. It is intended that Pudong Land X3-2 will be developed into properties in compliance with the usage as stated in the land use rights certificate in respect of Pudong Land X3-2 to be obtained by Project Company and the relevant PRC laws and regulations. To fund the payment of acquisition costs of the land use rights and the construction and other project costs for the development of Pudong Land X3-2, the proposed total investment of Project Company is to be about RMB1,740 million (approximately HK\$1,705 million), of which an amount of RMB870 million (approximately HK\$853 million) represents the registered capital of Project Company.

Any contribution to the registered capital of, and any shareholders' loans to, Project Company are expected to be made by CKH and HWL (or their respective subsidiaries) in proportion to their respective effective equity interests in JVCo. The respective interest in JVCo will be accounted for by CKH and HWL using equity accounting method. It is currently expected that each of CKH and HWL will provide its contribution in respect of the acquisition costs of the land use rights of Pudong Land X3-2 using its internal resources and that JVCo and/or Project Company may obtain loans from banks or financial institutions or corporations in respect of the construction and other project costs for the development of Pudong Land X3-2.

HWL is a substantial shareholder of certain subsidiaries of CKH and hence is a connected person of CKH. CKH is a substantial shareholder of HWL and hence is a connected person of HWL. Accordingly, the joint venture arrangements between CKH and HWL comprising the establishment of JVCo and Project Company constitute connected transactions for both CKH and HWL under Listing Rule 14A.13(6). As one or more of the relevant percentage ratios represented by the respective commitment amount for each of CKH and HWL is or are more than 0.1% but less than 2.5%, the joint venture arrangements comprising the establishment of JVCo and Project Company are, according to Listing Rule 14A.32, exempt from the independent shareholders' approval requirements and are only subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

Joint venture arrangements in relation to JVCo and Project Company for the acquisition and development of Pudong Land X3-2

The Acquisition Agreement and the Land Use Rights Transfer Contract

Date: 14 October 2006 in both cases

Parties: (1) JVCo
(2) Fortune World. According to Fortune World's business licence, its licensed principal activity is property development and other related business.

Subject matter: Acquisition of land use rights in respect of Pudong Land X3-2 subject to and on the terms and conditions set out therein.

The respective Boards of CKH and HWL wish to announce that JVCo, a joint venture company which is owned as to 50% by Even Spread (an indirect wholly-owned subsidiary of CKH) and 50% by HPL (an indirect wholly-owned subsidiary of HWL), has been established and entered into the Acquisition Agreement and the Land Use Rights Transfer Contract with Fortune World on 14 October 2006 for the acquisition of the land use rights in respect of Pudong Land X3-2. To the best of the knowledge, information and belief of the directors of each of CKH and HWL, Fortune World and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Agreements and subject to the terms and conditions set out therein, JVCo will establish Project Company to acquire the land use rights in respect of Pudong Land X3-2 for a consideration of RMB832 million (approximately HK\$815 million) based on a gross floor area (on or above the ground level) of Pudong Land X3-2 of 80,000 square metres and an agreed unit price of RMB10,400 (approximately HK\$10,192) per square metre. This consideration is subject to adjustment based on the gross floor area (on or above the ground level) of Pudong Land X3-2 approved by the relevant government authorities. Pursuant to the Agreements, the consideration of RMB832 million (approximately HK\$815 million) will be payable to Fortune World within 30 working days from the date of establishment of Project Company.

It is intended that Project Company will be established as a new wholly foreign owned enterprise in the PRC to be wholly-owned by JVCo for the purpose of acquiring the land use rights in respect of, and developing, Pudong Land X3-2. It is intended that Pudong Land X3-2 will be developed into properties in compliance with the usage as stated in the land use rights certificate in respect of Pudong Land X3-2 to be obtained by Project Company and the relevant PRC laws and regulations. To fund the payment of acquisition costs of the land use rights and construction and other project costs for the development of Pudong Land X3-2, the proposed total investment amount of Project Company is to be about RMB1,740 million (approximately HK\$1,705 million), of which an amount of RMB870 million (approximately HK\$853 million) represents the registered capital of Project Company. Any contribution to the registered capital of, and any shareholders' loans to, Project Company are expected to be made by CKH and HWL (or their respective subsidiaries) in proportion to their respective effective equity interests in JVCo. The respective interest in JVCo will be accounted for by CKH and HWL using equity accounting method. It is currently expected that each of CKH and HWL will provide its contribution in respect of the acquisition cost of the land use rights of Pudong Land X3-2 using its internal resources and that JVCo and/or Project Company may obtain loans from banks or financial institutions or corporations in respect of the construction and other project costs for the development of Pudong Land X3-2.

Pursuant to the Acquisition Agreement, Fortune World shall, within 5 working days from the date of establishment of Project Company, enter into the New Acquisition Agreement and the New Land Use Rights Transfer Contract with Project Company in relation to the acquisition of the land use rights of Pudong Land X3-2 and whereupon the Acquisition Agreement shall terminate. The Acquisition Agreement shall also terminate if Project Company cannot be established within 4 months from the date of the Acquisition Agreement.

In the event that approval(s) (if required) of the relevant PRC government authorities in respect of the Land Use Rights Transfer Contract or the New Land Use Rights Transfer Contract (as the case may be) cannot be obtained, JVCo or Project Company (as the case may be) may rescind the relevant agreement and in such event all consideration received by Fortune World shall be refunded subject to the terms and conditions as set out in the Agreements and/or the New Agreements.

The consideration payable under the Agreements was arrived at after commercial negotiations between the parties to the Agreements on an arm's length basis.

As at the date of this announcement, the principal activity of JVCo is investment holding and, save in connection with the acquisition and development of Pudong Land X3-2, JVCo does not have other business operations.

Reasons for the transactions

The establishment of JVCo and Project Company, which shall own and develop Pudong Land X3-2, 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 of the joint venture arrangements comprising the establishment of JVCo and Project Company for the purpose of owning and developing Pudong Land X3-2 and the acquisition of the land use rights in respect of Pudong Land X3-2 pursuant to the terms of the Agreements to be in the respective 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. CKH is a substantial shareholder of HWL and hence is a connected person of HWL. Accordingly, the joint venture arrangements between CKH and HWL comprising the establishment of JVCo and Project Company constitute connected transactions for both CKH and HWL under Listing Rule 14A.13(6).

As one or more of the relevant percentage ratios represented by the respective commitment amount for each of CKH and HWL is or are more than 0.1% but less than 2.5%, the joint venture arrangements comprising the establishment of JVCo and Project Company are, according to Listing Rule 14A.32, exempt from the independent shareholders' approval requirements and are 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:

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| “Acquisition Agreement” | the agreement entered into between JVCo and Fortune World dated 14 October 2006 in relation to the acquisition of the land use rights in respect of Pudong Land X3-2; |
| “Agreements” | the Acquisition Agreement and the Land Use Rights Transfer Contract; |
| “Board” | board of directors; |
| “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; |
| “connected person” | shall have the meaning ascribed to it in the Listing Rules; |
| “Even Spread” | Even Spread Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of CKH; |
| “Fortune World” | 上海富都世界發展有限公司 (Shanghai Fortune World Development Company Limited*), an entity established under the laws of the PRC; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “HPL” | HPL Property Investments Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of HWL; |
| “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; |
| “Independent Third Party” | a party who is independent to each of CKH and HWL and their respective connected persons; |
| “JVCo” | Extreme Selection Investments Limited, a limited liability company incorporated in the British Virgin Islands on 21 February 2006 as an investment holding vehicle and owned as to 50% by each of Even Spread and HPL, and represented equally on its board of directors indirectly by CKH and HWL; |
| “Land Use Rights Transfer Contract” | the land use rights transfer contract entered into between JVCo and Fortune World dated 14 October 2006 in relation to the transfer of the land use rights in respect of Pudong Land X3-2; |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange; |
| “New Acquisition Agreement” | the agreement to be entered into between Project Company and Fortune World in relation to the acquisition of the land use rights in respect of Pudong Land X3-2, the terms of which shall be substantially similar to those as set out in the Acquisition Agreement; |
| “New Agreements” | the New Acquisition Agreement and the New Land Use Rights Transfer Contract; |
| “New Land Use Rights Transfer Contract” | the land use rights transfer contract to be entered into between Project Company and Fortune World in relation to the transfer of the land use rights in respect of Pudong Land X3-2, the terms of which shall be substantially similar to those as set out in the Land Use Rights Transfer Contract; |
| “PRC” | the People's Republic of China; |
| “Project Company” | a wholly foreign owned enterprise to be established under the laws of the PRC as a direct wholly-owned subsidiary of JVCo for the owning and development of Pudong Land X3-2; |
| “Pudong Land X3-2” | the piece of land known as 上海市浦東新區陸家嘴金融貿易區X3-2地塊 situated at Lujiazui, Pudong New District, Shanghai, the PRC, the gross floor area (on or above ground level) of which is approximately 80,000 square meters; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong; |
| “RMB” | Renminbi, the lawful currency of the PRC; and |
| “%” | per cent. |

The exchange rate used for reference purpose only in this announcement is RMB1.00 to HK\$0.98.

* Name translated for reference purpose only in this announcement.

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, 18 October 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 and Sing Tao Daily.*