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Hutchison Whampoa Limited



(incorporated in Hong Kong with limited liability)
(Stock Code: 13)

CONNECTED TRANSACTIONS

The Board announces that following the successful bidding for the land use rights of the Land located at 西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District*) in Dalian, PRC, the terms of the Land Use Rights Transfer Contract have been agreed with the Dalian Land Bureau and are expected to be executed by the parties today. The Land has a gross area of 143,034.10 square metres and is being acquired for development into residential and commercial properties. The total consideration under the Land Use Rights Transfer Contract is RMB1,900 million (approximately HK\$2,313 million).

The initial total investment and registered capital of Project Co, both being currently set at RMB1,919 million (approximately HK\$2,336 million), are expected to be increased to an amount which is the RMB equivalent of US\$700 million (approximately HK\$5,439 million) and US\$500 million (approximately HK\$3,885 million) respectively. Such registered capital will be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Land, and is to be injected into JV Holdco (and thereafter its subsidiary or subsidiaries) by way of advances directly made from time to time by the respective subsidiaries of CKH and the Company on identical terms and in proportion to their respective indirect equity interests in Project Co. As and when there is a desire to strengthen the capital structure of JV Holdco, advances made from time to time by respective subsidiaries of CKH and the Company to JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in JV Holdco credited as fully paid.

Project Co, which is being indirectly owned as to 50% by each of CKH and the Company, is a wholly owned foreign enterprise newly established under the laws of PRC for the Acquisition and Development. JV Holdco is also being indirectly owned as to 50% by each of CKH and the Company as the intermediate holding company for Project Co. Each of CKH and JV Holdco is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of such substantial shareholder. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Project Co, and issue of new shares of JV Holdco to the Company's subsidiary pursuant to any advance capitalisation, constitutes or will constitute a connected transaction for the Company under the Listing Rules. As one or more of the relevant percentage ratios in respect of such joint venture arrangement represented by the size of the Company's financial commitment in respect of Project Co, and the maximum value of the advances made or to be made by a subsidiary of the Company in connection with the Acquisition and

Development which may be subject to advance capitalisation, namely US\$250 million (approximately HK\$1,942 million) or its equivalent in the currency in which the advance is made which may be either US\$, HK\$ or RMB, is or are more than 0.1% but less than 5%, the entering into of such transactions, are or will be exempt from the independent shareholders' approval requirements and are or will be only subject to the reporting and announcement requirements set out in the Listing Rules.

Acquisition and Development

Following the successful bidding for the land use rights of the Land located at 西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District*) in Dalian, PRC, the terms of the Land Use Rights Transfer Contract have been agreed with the Dalian Land Bureau and are expected to be executed by the parties today.

Land Use Rights Transfer Contract

Parties:	Project Co and Dalian Land Bureau
Location:	西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District*) in Dalian, PRC
Gross area:	143,034.10 square metres
Consideration:	RMB1,900 million (approximately HK\$2,313 million)
Purpose of Acquisition and Development:	residential and commercial
Terms of land use rights:	70 years for residential properties and 40 years for commercial properties
Proposed signing date	On or about 2 December 2011

The initial total investment and registered capital of Project Co, both being currently set at RMB1,919 million (approximately HK\$2,336 million), are expected to be increased to an amount which is the RMB equivalent of US\$700 million (approximately HK\$5,439 million) and US\$500 million (approximately HK\$3,885 million) respectively. Such registered capital, which is expected to be borne by CKH and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Project Co, will be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Land, and is to be injected into JV Holdco (and thereafter its subsidiary or subsidiaries) by way of advances directly made or to be made from time to time by the respective subsidiaries of CKH and the Company on identical terms and in proportion to their respective indirect equity interests in Project Co. As and when there is a desire to strengthen the capital structure of JV Holdco, advances made from time to time by the respective subsidiaries of CKH and the Company to JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in JV Holdco credited as fully paid. On any advance capitalisation, new shares in JV Holdco will be issued to each of JV Holdco's then existing shareholders whose advance is being capitalised at par value together with a share premium (or its equivalent) of an aggregate amount which is equal to the face value of the advance which is being capitalised. The maximum value of the advances made or to be made to JV Holdco by each of CKH and the Company (or their respective subsidiaries) in connection with the Acquisition and Development which may be subject to advance capitalisation is US\$250 million (approximately HK\$1,942 million) or its equivalent in the currency in which the advance is made which may be either US\$, HK\$ or RMB.

Reasons for, and the benefits of, the transactions

The Acquisition and Development are consistent with one of the Company's core business strategies and the establishment of Project Co and any strengthening of JV Holdco's capital structure are transactions essential, necessary and/or incidental to pursuing such strategies.

The Board (including its Independent Non-executive Directors) considers both the terms of the joint venture arrangement comprising the establishment of Project Co for the purpose of the Acquisition and Development and the terms of any advance capitalisation on the part of the Company to be normal commercial, fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

Listing Rules Implications

Project Co, which is being indirectly owned as to 50% by each of CKH and the Company, is a wholly owned foreign enterprise newly established for the Acquisition and Development. JV Holdco is also being indirectly owned as to 50% by each of CKH and the Company as the intermediate holding company for Project Co. Each of CKH and JV Holdco is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or being an associate of such substantial shareholder. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Project Co and implementation of any advance capitalisation on the part of the Company constitutes or will constitute a connected transaction for the Company under Listing Rule 14A.13. As one or more of the relevant percentage ratios in respect of such joint venture arrangement or advance capitalisation represented by the size of the Company's financial commitment in respect of Project Co or the maximum value of the advances made or to be made by a subsidiary of the Company in connection with the Acquisition and Development which may be subject to advance capitalisation is or are more than 0.1% but less than 5%, the entering into of such transactions, are or will be exempt from the independent shareholders' approval requirements and are or will be only subject to the reporting and announcement requirements set out in the Listing Rules.

As none of the Directors has any material interest in the connected transactions herein announced, no Director was required to abstain from voting on the Board resolutions passed in connection with this announcement.

General

The Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy and infrastructure, finance and investments and others; and telecommunications. The principal activities of the CKH Group are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in securities. The principal activities of JV Holdco are investment holding.

Definitions

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

“Acquisition and Development”	acquisition of the land use rights of the Land pursuant to the Land Use Rights Transfer Contract for development into residential and commercial properties;
“advance capitalisation”	a capitalisation of advance(s) made or to be made to JV Holdco by a subsidiary of either CKH or the Company resulting in an elimination of such advance(s) and issue of new share(s) in JV Holdco pro rata to each such subsidiary’s equity interest in JV Holdco, credited as fully paid and on such other identical terms as to be agreed with the board of directors of JV Holdco;
“associate”	has the meaning ascribed to such term in the Listing Rules;
“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) and a substantial shareholder of the Company;
“CKH Group”	CKH and its subsidiaries;
“Company”	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: 13);
“connected person”	has the meaning ascribed to such term in the Listing Rules;
“Dalian Land Bureau”	大連市國土資源和房屋局 (Dalian Municipal Bureau of Land Resources and Housing*), a government department in Dalian, PRC;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;

“JV Holdco”	Bayswater Developments Limited, a company incorporated in the British Virgin Islands with limited liability, the issued share capital of which (comprising of shares of par value US\$1 each) is held and owned as to 50% by indirect subsidiaries of each of CKH and the Company;
“Land”	the land known as (西)2011-010 (Lot No. (West) 2011-010*) with a gross area of 143,034.10 square metres and located at 西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District*) in Dalian, PRC, the subject matter of the Land Use Rights Transfer Contract;
“Land Use Rights Transfer Contract”	the contract to be entered into between Project Co and the Dalian Land Bureau for the Acquisition and Development, the terms of which are agreed between the parties and are expected to be signed by them today;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project Co”	大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.), a wholly owned foreign enterprise newly established under the laws of PRC for the Acquisition and Development and indirectly owned as to 50% by each of CKH and the Company;
“RMB”	Renminbi, the lawful currency of PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to such term in the Listing Rules;
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“%”	percent.

The exchange rates used for reference purpose only in this announcement are RMB1.00 to HK\$1.2173 and US\$1.00 to HK\$7.7693.

** Names translated for reference purposes only in this announcement.*

By Order of the Board

Edith Shih

Company Secretary

Hong Kong, 2 December 2011

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 Director:

Mr George Colin MAGNUS

Independent Non-executive Directors:

The Hon Sir Michael David KADOORIE

Mr Holger KLUGE

Mrs Margaret LEUNG KO May Yee

Mr William Elkin MOCATTA

(Alternate to The Hon Sir Michael David Kadoorie)

Mr William SHURNIAK

Mr WONG Chung Hin