

HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)

ESTABLISHMENT OF A NEW JOINT VENTURE, ACQUISITION OF INTEREST IN A JOINT VENTURE AND CONNECTED TRANSACTIONS

The directors of the Company announce that on 26 November 2001: (i) HPYL, an indirect non wholly owned subsidiary of the Company, entered into the Yantian JV Contract, a conditional joint venture contract with SYPG for the establishment of Yantian JV Co, a sino-foreign equity joint venture company in the PRC for the development and operation of Phase III of the Yantian Port Project. Subject to fulfillment of the conditions precedent set out in the Yantian JV Contract, HPYL and SYPG will contribute HK\$1,560 million and HK\$840 million respectively to the registered capital of Yantian JV Co, representing 65% and 35% respectively of its registered capital; (ii) Yantian JV Co entered into the Management Contract, a conditional co-operation management contract with YICT, a non wholly owned subsidiary of the Company, pursuant to which YICT will manage both the existing Phases I and II of the Yantian Port Project and Phase III of the Yantian Port Project on a consolidated basis; (iii) SYPG, SYWS (a wholly owned subsidiary of SYPG) and WSE (a wholly owned subsidiary of HPYL) entered into a conditional Share Transfer Contract pursuant to which WSE agrees to acquire an aggregate of 65% interest in Railway Co, the developer and operator of the Pingyan Railway from SYPG and SYWS thereby converting the Railway Co from a domestic joint venture to Pingyan JV Co, a sino-foreign equity joint venture company. The total consideration for acquisition of such interest is RMB227.5 million (approximately HK\$214.3 million) comprising RMB97.5 million as contribution to the registered capital of, and RMB130 million as a shareholder's loan to, Pingyan JV Co; and (iv) WSE and SYPG entered into a conditional Pingyan JV Contract for the establishment of Pingyan JV Co.

SYPG is a connected person of the Company by virtue of it being a substantial shareholder of YICT, an existing non wholly owned indirect subsidiary of the Company. SYWS, being a wholly owned subsidiary of SYPG, is an associate of SYPG and therefore a connected person to the Company. The entering into of the Yantian JV Contract, the Management Contract, the Share Transfer Contract and the Pingyan JV Contract therefore constitute connected transactions for the Company under the Listing Rules.

As the Company's proportion of the total investment in respect of each of Yantian JV Co and Pingyan JV Co and the total consideration for the Acquisition is within the *de-minimis* exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules, details of the Yantian JV Contract, the Management Contract, the Share Transfer Contract and the Pingyan JV Contract will be included in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

THE YANTIAN JV CONTRACT

Date: 26 November 2001

Parties: (i) Hutchison Ports Yantian Limited ("HPYL"), a non wholly owned subsidiary of the Company; and
(ii) Shenzhen Yantian Port Group Company Limited ("SYPG"), the holding company of the 27% shareholder of HPYL.

Business: To develop, operate and manage the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port ("Phase III of the Yantian Port Project").

Total investment: HK\$6,600 million

Registered capital: HK\$2,400 million to be contributed by HPYL as to HK\$1,560 million and by SYPG as to HK\$840 million, representing 65% and 35% respectively of the registered capital. The parties will make their respective contributions in cash by instalments according to law and as decided by the board of directors of Yantian JV Co according to the requirements dictated by the development of the project. The difference between the total amount of funds required for the construction and operation of the Phase III of the Yantian Port Project and the registered capital of Yantian JV Co shall be funded either by bank loans to be raised by Yantian JV Co and/or by shareholders' loans to be provided by HPYL and SYPG in proportion to their equity interests in Yantian JV Co, as determined by the board of directors of Yantian JV Co.

Board of directors: The board of directors of Yantian JV Co will comprise 11 directors. HPYL and SYPG will be entitled to nominate 7 and 4 directors respectively.

Term: 50 years from the date of the issue of the business licence to Yantian JV Co by the relevant PRC government authority.

Profit sharing: To be shared between HPYL and SYPG in proportion to their respective equity interests in Yantian JV Co.

Dissolution: All assets will be realised and shared between HPYL and SYPG in proportion to their respective equity interests in Yantian JV Co.

Governing law: Laws of the People's Republic of China (the "PRC")

Conditions precedent: (i) Approval of the project proposal, and the final terms of the Yantian JV Contract, the articles of Yantian JV Co, asset valuation and asset transfer contract are subject to approval, and such adjustments as required, by the relevant PRC government authorities; and
(ii) issue of the business licence to Yantian JV Co by the relevant PRC government authority.

THE MANAGEMENT CONTRACT

Date: 26 November 2001

Parties: (i) Yantian International Container Terminals Limited ("YICT"), a sino-foreign joint venture held as to 73% by a non wholly owned subsidiary of the Company and 27% by a non wholly owned subsidiary of SYPG; and
(ii) Yantian JV Co.

Purpose: YICT is engaged in the development, operation and management of the container and berthing terminal and depot facilities at Phases I and II of the Shenzhen Yantian Port ("Phases I and II of the Yantian Port Project"). Pursuant to the Management Contract, YICT agrees to manage Phases I and II of the Yantian Port Project together with Phase III of the Yantian Port Project on a consolidated basis.

Earnings sharing: The earnings before interest, tax, depreciation and amortization derived from Phases I, II and III of the Yantian Port Project will be split between YICT and Yantian JV Co in accordance with a formula which takes into consideration the capacity of YICT and Yantian JV Co discounted by the berth completion time and yard size of Phase III of the Yantian Port Project. YICT and Yantian JV Co will share throughput equally at 1:1 ratio at the time determined in accordance with the terms of the Management Contract.

Term: The Management Contract will automatically terminate upon the determination of the YICT joint venture or the Yantian JV Co joint venture, whichever is the earlier to occur.

Effective Date: The Management Contract will come into effect upon the issue of the business licence to Yantian JV Co by the relevant PRC government authority.

As the amount of earnings estimated to be shared pursuant to the Management Contract on an annual basis is expected to exceed 0.03% of the net tangible assets of the Company as disclosed in the latest published audited consolidated accounts adjusted to take account of subsequent transactions in the manner described in Rule 14.04(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from time to time, an application will be made to The Stock Exchange of Hong Kong Limited for a waiver subject to standard terms and conditions to disclose the transactions contemplated by the Management Contract by way of a press notice for so long as such transactions fall within the *de-minimis* exemption under Rule 14.25(1) of the Listing Rules.

THE SHARE TRANSFER CONTRACT

Date: 26 November 2001

Parties: (i) SYPG, a substantial shareholder of YICT;
(ii) Shenzhen Yantian Water Supply Company Limited ("SYWS"), a wholly owned subsidiary of SYPG; and
(iii) Wide Success Enterprises Limited ("WSE"), a wholly owned subsidiary of HPYL.

Capital Acquired: WSE agreed to acquire 49% equity interest and 16% equity interest in Shenzhen Pingyan Railway Company Limited ("Railway Co") from SYPG and SYWS respectively, resulting in WSE and SYPG 65% and 35% equity interests in Pingyan JV Co, a sino-foreign equity joint venture converted from a domestic joint venture (the "Acquisition").

Consideration: the aggregate consideration payable by WSE will be RMB 227.5 million (approximately HK\$214.3 million) comprising as to RMB97.5 million (approximately HK\$91.9 million) as contribution of registered capital of, and RMB 130 million (approximately HK\$122.5 million) as shareholder's loan to, Railway Co. Payment of consideration will be by three instalments upon fulfillment of certain of the specific conditions precedent described below.

Conditions Precedent: (i) Restructuring of the capital structure of Railway Co;
(ii) approval of the Yantian JV Contract and articles of Yantian JV Co by the relevant PRC government authorities;
(iii) issue of business licence to Yantian JV Co by the relevant PRC government authority;
(iv) approval of the project proposal and asset valuation by the relevant PRC government authorities;
(v) approval of the Pingyan JV Contract and the articles of the Pingyan JV Co by the Ministry of Foreign Trading and Economic Co-operation ("MOFTEC"); and
(vi) issue of business licence to Pingyan JV Co and other necessary approvals by the relevant PRC government authorities.

Effective Date: The Share Transfer Contract will come into effect upon approval by MOFTEC.

THE PINGYAN JV CONTRACT

Date: 26 November 2001

Parties: (i) WSE, a wholly owned subsidiary of HPYL; and
(ii) SYPG, a substantial shareholder of YICT.

Business: To develop and operate the Pingyan Railway.

Total Investment: RMB 350 million (approximately HK\$329.8 million)

Registered Capital: RMB 150 million (approximately HK\$141.3 million) to be contributed by WSE as to RMB97.5 million (approximately HK\$91.9 million) pursuant to the Share Transfer Contract as part of the purchase consideration and by SYPG as to RMB 52.5 million (approximately HK\$49.5 million), representing 65% and 35% respectively of the registered capital. The difference between the total investment and the registered capital have been fully funded by shareholders' loans to be provided by WSE (pursuant to the Share Transfer Contract as part of the purchase consideration) and SYPG in proportion to their equity interests in Railway Co.

Board of directors: The board of directors of the Pingyan JV Co will comprise 11 directors. WSE and SYPG will be entitled to nominate 7 and 4 directors respectively.

Term: 50 years (subject to approval by the relevant PRC government authorities) from the issue of the business licence to Pingyan JV Co by the relevant PRC government authority.

Profit sharing: To be shared between WSE and SYPG in proportion to their respective equity interests in Pingyan JV Co.

Dissolution: All assets will be realised and shared between WSE and SYPG in proportion to their respective equity interests in Pingyan JV Co.

Governing law: Laws of the PRC

Conditions precedent and effective date: The Pingyan JV Contract shall become effective upon approval by the relevant PRC government authorities.

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 and II of the Yantian Port Project will not be sufficient to meet the growing demands. Therefore, the directors of the Company (the "Directors") consider that the entering of the Yantian JV Contract and the Management Contract will allow the Group to expand its capacity to provide port services to capture future opportunities. Pingyan JV Co was established in 1992 and is the owner of the land on which the Pingyan Railway is built. The Pingyan Railway is the railway that serves the Shenzhen Yantian Port and through that railway, the Shenzhen Yantian Port is linked to the national railway system. The Acquisition will help the Group to expand related transport services and to increase the competitiveness of the Shenzhen Yantian Port.

The Directors, including the independent non executive Directors, consider that the Yantian JV Contract, the Management Contract, the Share Transfer Contract and the Pingyan JV Contract are upon normal commercial terms and the terms of 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 principal business of HPYL is investments in the container terminals in Shenzhen Yantian port.

The principal business of SYPG is investments in Yantian, PRC.

SYPG is a connected person of the Company by virtue of it being a substantial shareholder of YICT, an existing indirect non wholly owned subsidiary of the Company. SYWS, being a wholly owned subsidiary of SYPG, is an associate of SYPG and therefore a connected person to the Company. Thus, the entering into of the Yantian JV Contract, the Management Contract, the Share Transfer Contract and the Pingyan JV Contract constitute connected transactions for the Company under the Listing Rules.

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By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 26 November 2001

For reference only, an exchange rate of HK\$1: RMB 1.0612 is used for amounts expressed in RMB in this announcement.

Hutchison Whampoa Limited



Please also refer to the published version of this announcement in Hong Kong iMail and Sing Tao Daily.