



## 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 TRANSACTION

The respective Boards of CKH and HWL wish to announce that on 18th March, 2005, Clevinger, an indirect 50/50 joint venture company of CKH and HWL, entered into the Sale and Purchase Agreement for the purpose of Acquisition at the Consideration of HK\$880,000,000, subject to adjustment. The obligations of Clevinger under the Sale and Purchase Agreement including the payment of the Consideration are guaranteed by CKH and HIL on a 50/50 several basis. It is expected that the Consideration will be funded by CKH and HIL in proportion to their indirect 50/50 interest in Clevinger.

HWL is a substantial shareholder of certain subsidiaries of CKH and hence is a connected person of CKH within the meaning of the Listing Rules. CKH is a substantial shareholder of HWL and hence is a connected person of HWL within the meaning of the Listing Rules. Clevinger is an associate of each of CKH and HWL and thus a connected person of CKH and HWL within the meaning of the Listing Rules.

The financial assistance provided by each of CKH and HIL to Clevinger by way of the provision of the 50/50 several guarantees and the contribution to the Consideration on an unsecured basis and on normal commercial terms in proportion to their 50/50 interest in Clevinger constitute connected transaction for each of CKH and HWL under Listing Rule 14A.13(2). As the relevant percentage ratios represented by such guarantee or contribution amount for each of CKH and HWL, before any adjustment, are more than 0.1% but less than 2.5%, such provision of financial assistance is according to Listing Rule 14A.66(2) 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. If following any adjustment to the Consideration, the relevant percentage ratios represented by the amount of such financial assistance for CKH or HWL (as the case may be) are equal to or more than 2.5%, CKH or HWL (as the case may be) will comply with the requirements of the Listing Rules applicable thereto.

#### PROVISION OF GUARANTEE AND CONTRIBUTION TO THE CONSIDERATION UNDER THE SALE AND PURCHASE AGREEMENT

On 18th March, 2005, Clevinger, an indirect 50/50 joint venture company of CKH and HWL, entered into the Sale and Purchase Agreement with, among others, the Vendor pursuant to which the Vendor has agreed to sell the entire issued share capital of Harvest and the Vendor's Guarantor have agreed to assign and transfer all their rights, title and interests in the Debt, and Clevinger has agreed to acquire (or procure the acquisition of) the said share capital and the Debt upon and subject to the terms and conditions of the Sale and Purchase Agreement.

The Consideration for the Acquisition, before any adjustment, is HK\$880,000,000 which is arrived after arm's length negotiations between the parties. If the Condition shall not be fulfilled on or before 30th September, 2005, either (i) the Consideration shall be reduced by the sum of HK\$384,255,000 if Clevinger, in its sole and absolute discretion, decides to waive such Condition; or (ii) the Sale and Purchase Agreement will terminate 10 business days after such deadline. Further, at Completion, the Consideration will be adjusted by adding thereto an amount equal to all assets of the Target Group as shown in the Completion Accounts (other than the Property and other real properties) and deducting therefrom all liabilities of the Target Group as shown in the Completion Accounts (which liabilities shall include the Relevant Sums but shall exclude the Debt). Clevinger has paid an aggregate amount of HK\$88,000,000 in cash as deposit and part payment of the Consideration which is refundable upon termination of the Sale and Purchase Agreement mentioned in (ii) above. The balance of the Consideration will be paid on Completion.

The obligations of Clevinger under the Sale and Purchase Agreement including the payment of the Consideration are guaranteed by CKH and HIL on a 50/50 several basis. It is expected that the Consideration will be funded by CKH and HIL in proportion to their indirect 50/50 interest in Clevinger from internal resources.

The deposit paid was funded from CKH's and HIL's internal resources on a pro-rata basis in proportion to their indirect 50/50 interest in Clevinger. It is expected that the balance of the Consideration payable for the Acquisition will be funded by CKH and HIL on a similar basis.

#### INFORMATION OF THE TARGET GROUP AND THE PROPERTY

Harvest is the holding company of Golden Flag which is the registered owner of, inter alia, the Property. Golden Flag has accepted the terms of offer from the Government to surrender to the Government the Property in exchange for the regrant of the Property to be granted under the New Land Grant. The book value of the properties under development based on the unaudited consolidated balance sheet of the Target Group as at 28th February, 2005 provided by the Vendor is HK\$495,453,389.

The shareholder's deficit of the Target Group based on the unaudited consolidated balance sheet of the Target Group as at 28th February, 2005 provided by the Vendor is HK\$40,690,229.

#### REASONS FOR THE TRANSACTION

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; telecommunications; property and hotels; retail and manufacturing; and energy, infrastructure, finance and investments.

The acquisition of the Target Group holding the Property is consistent with one of the core business strategies for both CKH and HWL. CKH and HWL have worked together on various joint venture projects in the past and these previous experience of working together successfully made the CKH Group and the HWL Group the most suitable partner of each other.

#### CONNECTED TRANSACTION

HWL is a substantial shareholder of certain subsidiaries of CKH and hence is a connected person of CKH within the meaning of the Listing Rules. CKH is a substantial shareholder of HWL and hence is a connected person of HWL within the meaning of the Listing Rules. Clevinger is an associate of each of CKH and HWL and thus a connected person of CKH and HWL within the meaning of the Listing Rules.

The financial assistance provided by each of CKH and HIL to Clevinger by way of the provision of the 50/50 several guarantees and their respective contributions to the Consideration on an unsecured basis and on normal commercial terms in proportion to their 50/50 interest in Clevinger constitute connected transaction for each of CKH and HWL under Listing Rule 14A.13(2). As the relevant percentage ratios represented by such guarantee or contribution amount for each of CKH and HWL (before any adjustment) are more than 0.1% but less than 2.5%, such provision of financial assistance is according to Listing Rule 14A.66(2) 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. If following any adjustment to the Consideration, the relevant percentage ratios represented by the amount of such financial assistance for CKH or HWL (as the case may be) are equal to or more than 2.5%, CKH or HWL (as the case may be) will comply with the requirements of the Listing Rules applicable thereto.

#### GENERAL

The respective Boards of CKH and HWL, including the respective Independent Non-executive Directors of CKH and HWL, consider the provision of the 50/50 several guarantees and the contribution of the Consideration on a 50/50 basis for the purpose of the Acquisition to be in the interests of CKH and HWL and their respective shareholders, and are on normal commercial terms and fair and reasonable insofar as CKH and HWL and their respective shareholders are concerned.

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. George Colin MAGNUS (Deputy Chairman), Mr. KAM Hing Lam (Deputy Managing Director), Mr. CHUNG Sun Keung, Davy, Mr. IP Tak Chuen, Edmond, 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 and Mr. CHOW Kun Chee, Roland 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, Mr. George Colin MAGNUS and Mr. KAM Hing Lam as Executive Directors; Mr. William SHURNIAK

as Non-executive Director; and 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 and Mr. WONG Chung Hin as Independent Non-executive Directors.

#### DEFINITIONS

"Acquisition"	the acquisition by the Purchaser of the entire issued share capital of Harvest and the benefit of the Debt pursuant to the Sale and Purchase Agreement
"associate"	shall have the meaning ascribed to that term in the Listing Rules
"Board"	board of directors of CKH or HWL (as the case may be)
"CKH"	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong, whose shares are listed on the Main Board of the Stock Exchange
"CKH Group"	CKH and its subsidiaries
"Clevinger" or "Purchaser"	Clevinger International Limited, a company incorporated in the British Virgin Islands, which is an indirect 50/50 joint venture company and an associated company of CKH and HWL
"Completion"	completion of the Acquisition under the Sale and Purchase Agreement
"Completion Accounts"	the unaudited consolidated profit and loss account of the Target Group for the period from 1st January, 2005 up to the date of Completion (but immediately prior to Completion) and the unaudited consolidated balance sheet of the Target Group as at the date of Completion (but immediately prior to Completion)
"Condition"	the receipt by Golden Flag of, inter alia, the New Land Grant from the Government for its execution
"Consideration"	HK\$880,000,000, representing the consideration for the sale and purchase of the entire issued share capital of Harvest and the assignment of the Debt, subject to adjustment
"Debt"	the aggregate sum to be owing by Harvest to the Vendor and the Vendor's Guarantor at Completion. According to the unaudited consolidated balance sheet of the Target Group as at 28th February, 2005 provided by the Vendor, the debt amounted to HK\$151,856,290 on such date
"Golden Flag"	Golden Flag Investment Company Limited, a company incorporated in Hong Kong, which, according to the Vendor, is a wholly owned subsidiary of Harvest
"Government"	Government of the Hong Kong Special Administrative Region of the People's Republic of China
"Harvest"	Harvest Country Limited, a company incorporated in the British Virgin Islands, which, according to the Vendor, is a wholly owned subsidiary of the Vendor
"HIL"	Hutchison International Limited, a company incorporated in Hong Kong, which is a wholly owned subsidiary of HWL
"HWL"	Hutchison Whampoa Limited, a company incorporated in Hong Kong, whose shares are listed on the Main Board of the Stock Exchange
"HWL Group"	HWL and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Land Grant"	the Particulars and Conditions of Exchange relating to the Property to be made between the Government and Golden Flag
"Property"	various pieces of land in Hung Shui Kiu, Yuen Long, New Territories (to be surrendered to the Government and to be regrant by the Government as LOT NO.2064 IN DEMARCATION DISTRICT NO. 121) with an area of approximately 16,292 square metres
"Relevant Sums"	the balance of the land premium, registration fees and other fees or expenses (if any) as the Government may require in connection with the surrender and regrant of the Property
"Sale and Purchase Agreement"	the agreement entered into by, amongst other, Clevinger and the Vendor relating to the sale and purchase of the entire issued share capital of Harvest and the Debt
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	Harvest and Golden Flag
"Vendor"	Newmarket Holdings Limited, a company incorporated in the British Virgin Islands, which, according to the Vendor, is a wholly owned subsidiary of the Vendor's Guarantor
"Vendor's Guarantor"	CITIC Pacific Limited, a company incorporated in Hong Kong, whose shares are listed on the Main Board of the Stock Exchange

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, 21st March, 2005

Note: Other than Chairman and Managing Director, order by date of appointment, and in the case of Non-executive Director ("NED")/Independent Non-executive Director ("INED"), order by date of appointment as NED/INED.

*Please also refer to the published version of this announcement in  
The Standard and Hong Kong Economic Times.*