

# HUTCHISON WHAMPOA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 013)

## DISCLOSEABLE TRANSACTION

### Proposed disposal of interests in Procter & Gamble-Hutchison Limited

The Directors are pleased to announce that on 11 May 2004 the Company entered into the Sale and Purchase Agreement, which is not subject to any conditions precedent, with P&G, PGIO, P&G-H and HWCL (a wholly owned subsidiary of the Company) pursuant to which HWCL agrees to sell and P&G (or its designee) agrees to purchase HWCL's entire interest in the issued share capital of P&G-H together with the benefit of and title to shareholder's loans extended by HWCL to P&G-H in the aggregate principal amount of US\$23,323,941.35 and the parties agree to modify the term of the various services and distribution agreements made with HWCL (including the Non-Competition Agreement).

The total consideration payable in cash by P&G (or its designee) to HWCL under the Sale and Purchase Agreement in full on Completion is US\$2 billion.

The consideration payable in cash by HWCL to PGIO for agreeing to the modification of the Non-Competition Agreement in full upon Completion is US\$75,000,000. Completion will occur on 18 June 2004 or such earlier date as the parties to the Sale and Purchase Agreement may agree.

On Completion, the Company will realise a net gain of approximately HK\$13.7 billion.

The net proceeds of sale derived by the Group from the Transaction would be used for its general working capital purposes.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations.

The Transaction also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company will send a circular containing further details on the Transaction to its shareholders as soon as reasonably practicable after the date hereof.

## THE SALE AND PURCHASE AGREEMENT

### Date

11 May 2004

### Parties

- (a) the Company
- (b) HWCL
- (c) P&G
- (d) PGIO
- (e) P&G-H

None of P&G, PGIO and P&G-H is a connected person (as defined in the Listing Rules) for the Company. The P&G group manufactures and markets worldwide consumer products with strong brand portfolios including Pampers, Pringles, Crest, Olay and Clairol and others.

### Transaction

Pursuant to the Sale and Purchase Agreement, which is not subject to any conditions precedent, the parties have agreed that upon Completion, (i) HWCL will sell and P&G (or its designee) will purchase the Sale Shares and the benefit of and title to the Shareholder's Loans; (ii) the Master Agreement and Supplemental Agreements will terminate except certain Supplemental Agreements in relation to the provision of logistics services and consulting services by HWCL and exercise of distribution rights conferred on HWCL in connection with the import and distribution of products by P&G-H and its subsidiaries in the PRC which shall continue on their respective existing normal commercial terms negotiated arm's length at the time until 31 December 2007; and (iii) the Non-Competition Agreement will be modified such that the Company, HWCL and their respective subsidiaries will no longer be subject to the selling, marketing and manufacturing restrictions set out thereunder in the PRC other than in relation to certain products listed in the Sale and Purchase Agreement and for a period until 1 July 2005.

### Consideration

The consideration payable in cash by P&G (or its designee) to HWCL under the Sale and Purchase Agreement in full upon Completion is US\$2 billion (or HK\$15,600 million at an exchange rate of HK\$7.80 to US\$1.00).

The consideration payable in cash by HWCL to PGIO for agreeing to release the Company, HWCL and their respective subsidiaries from the non-compete restrictions under the Non-Competition Agreement in full upon Completion is US\$75,000,000 (or HK\$585 million at an exchange rate of HK\$7.80 to US\$1.00).

The aggregate book value of the Sale Shares and the Shareholder's Loan as at 31 December 2003 was HK\$1,035 million. The net profits attributable to the Sale Shares determined in accordance with the Hong Kong Generally Accepted Accounting Principles for inclusion in the audited consolidated accounts of the Company for the financial years ended 31 December 2002 and 2003 before and after taxation and extraordinary items were approximately HK\$162,325,000 and HK\$124,728,000 respectively (for 2002) and HK\$521,083,000 and HK\$446,196,000 respectively (for 2003).

On Completion, the Company will realise a net gain of HK\$13.7 billion. The net proceeds derived by the Group from the Transaction will be used for its general working capital purposes.

## COMPLETION OF THE SALE AND PURCHASE AGREEMENT

Completion will take place on 18 June 2004 or such earlier date as the parties may agree.

## BASIS FOR DETERMINATION OF THE CONSIDERATION

The consideration payable under the Sale and Purchase Agreement has been arrived at after arm's length negotiations having regard to relevant factors including the economics of the Transaction, the prevailing commercial and business conditions and environment in which P&G-H operates and the Sale and Purchase Agreement is on normal commercial terms which are considered by the Directors to be fair and reasonable insofar as the shareholders of the Company are concerned and in the best interests of the Company taken as a whole.

## REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

P&G-H focuses its business in the consumer products sector in the PRC with a range of skin, hair, soap, detergents, dental care and paper products.

The Sale Shares (representing approximately 20% of P&G-H's issued share capital) comprise the entire direct and indirect interest of the Company in P&G-H. Accordingly, following such disposal, the Company will have no further equity interest in P&G-H.

HWCL and P&G established the initial joint venture (with HWCL holding 30.75%) in 1988 in the PRC and together have built a very successful business. In 1997, by mutual agreement, HWCL sold 10.75% interest in P&G-H to a P&G subsidiary to increase their majority holding in P&G-H, and agreed with P&G on options for it to acquire HWCL's remaining 20%. The Sale and Purchase Agreement accelerates the sale of HWCL's remaining interests in P&G-H to P&G at a time and on terms which the Company considers to be in the interest of its shareholders.

## DISCLOSEABLE TRANSACTION

None of the Directors and the substantial shareholders of the Company is interested in the Transaction other than by virtue of their respective shareholdings or directorships in the Company or its relevant subsidiaries and associated companies.

Applying the consideration test to the Transaction, the percentage ratio computed exceeds 5% but is less than 25% of the total market capitalisation of the Company determined in accordance with Rule 14.07(4) of the Listing Rules. Accordingly, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules. The Company will send a circular containing further details on the Transaction to its shareholders as soon as reasonably practicable after the date hereof.

## GENERAL

The 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.

As at the date hereof, our Executive Directors are Messrs. Li Ka-shing, Li Tzar Kuoi, Victor and Fok Kin-ning, Canning, Mrs. Chow Woo Mo Fong, Susan and Messrs. Frank John Sixt, Lai Kai Ming, Dominic, George Colin Magnus and Kam Hing Lam, and our Non-Executive Directors are Messrs. Simon Murray, William Shurniak, Michael David Kadoorie, Raymond Or, Peter Alan Lee Vine and Wong Chung Hin (of whom the latter four are Independent Non-Executive Directors).

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

"Company"	Hutchison Whampoa Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
"Completion"	completion of the Transaction pursuant to and in accordance with the Sale and Purchase Agreement
"Directors"	the 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 the PRC
"HWCL"	Hutchison Whampoa (China) Limited, a company incorporated under the laws of Hong Kong and is a wholly owned subsidiary of the Company
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Master Agreement"	the sale and purchase and shareholders' agreement relating to P&G-H dated 23 October 1997 as supplemented by a deed dated 1 September 2003 and made between the Company, HWCL, P&G, PGIO and P&G-H
"Non-Competition Agreement"	the non-competition agreement dated 23 October 1997 and made between the Company, HWCL and PGIO pursuant to the Master Agreement
"P&G"	The Procter & Gamble Company, a company incorporated in the State of Ohio, the United States of America
"P&G-H"	Procter & Gamble-Hutchison Limited, a company incorporated under the laws of Hong Kong and the issued share capital of which is owned as to 80% by P&G and 20% by HWCL prior to Completion
"PGIO"	Procter & Gamble International Operations SA, a company incorporated in Switzerland
"Sale and Purchase Agreement"	the agreement dated 11 May 2004 and made between the Company, HWCL, P&G, PGIO and P&G-H
"Sale Shares"	1,055 class A shares in the share capital of P&G-H, representing 20% of its issued share capital
"Shareholder's Loans"	shareholder's loans with an aggregate principal amount of US\$23,323,941.35 due and owing by P&G-H to HWCL
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	the various agreements supplemental to the Master Agreement between the parties to the Master Agreement
"Transaction"	the transactions contemplated under the Sale and Purchase Agreement
"US\$"	United States Dollars, the lawful currency of the United States of America

By Order of the Board

Edith Shih

Company Secretary

Hong Kong, 11 May 2004

Hutchison Whampoa Limited



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