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## **Hutchison Whampoa Limited**



Hutchison Whampoa Limited  
*(Incorporated in Hong Kong under  
the Companies Ordinance)*  
Registered Office:  
22nd Floor, Hutchison House  
10 Harcourt Road, Hong Kong

17 April 2003

### **Directors:**

LI Ka-shing, *Chairman*

LI Tzar Kuoi, Victor, *Deputy Chairman*

FOK Kin-ning, Canning, *Group Managing Director*

CHOW WOO Mo Fong, Susan, *Deputy Group Managing Director*

Frank John SIXT, *Group Finance Director*

LAI Kai Ming, Dominic, *Executive Director*

George Colin MAGNUS, *Executive Director*

KAM Hing Lam, *Executive Director*

The Hon Michael David KADOORIE, *Independent Non-Executive Director*

LI Fook-wo, *Independent Non-Executive Director*

Simon MURRAY, *Non-Executive Director*

OR Ching Fai, Raymond, *Independent Non-Executive Director*

William SHURNIAK, *Independent Non-Executive Director*

Peter Alan Lee VINE, *Independent Non-Executive Director*

WONG Chung Hin, *Independent Non-Executive Director*

*Company Secretary*

Edith SHIH

Dear Shareholder(s)

## **Proposal to Authorise the Issue and Repurchase of Ordinary Shares**

At the annual general meeting of the Company held on 23 May 2002, ordinary resolutions were passed to grant the general mandates to the directors of the Company (the "Directors") (i) to repurchase, inter alia, ordinary shares of HK\$0.25 each of the Company (the "Share(s)"), the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on 23 May 2002; and (ii) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on 23 May 2002 and the nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

These general mandates will lapse at the conclusion of the forthcoming annual general meeting of the Company to be held on 22 May 2003 (the "Annual General Meeting"). Resolutions will be proposed at the Annual General Meeting to grant a general mandate to issue Shares and a general mandate to repurchase Shares (the "Repurchase Mandate") to the Directors. With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

This is the explanatory statement, as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to be sent to the shareholders of the Company (the "Shareholders") in connection with the Repurchase Mandate. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether or not to vote for or against Ordinary Resolution No (2) set out in the Notice convening the Annual General Meeting to grant the Repurchase Mandate at the Annual General Meeting.

## 1. Share Capital

As at 9 April 2003 (the latest practicable date prior to the printing of this document) (the "Latest Practicable Date"), the issued ordinary share capital of the Company comprised 4,263,370,780 Shares.

Subject to the passing of Ordinary Resolution No (2) and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 426,337,078 Shares.

## 2. Reasons for Repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

## 3. Funding of Repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the annual report for the year ended 31 December 2002 in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## 4. Share Prices

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest (HK\$)	Lowest (HK\$)
April 2002	69.50	64.25
May 2002	72.25	65.00
June 2002	66.25	56.25
July 2002	62.50	53.00
August 2002	57.25	50.75
September 2002	52.75	44.90
October 2002	52.00	41.30
November 2002	55.00	47.60
December 2002	55.50	48.00
January 2003	53.00	48.40
February 2003	51.00	46.00
March 2003	48.10	41.90

## 5. Disclosure of Interests

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 6. Code on Takeovers and Mergers

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code on Takeovers and Mergers (the "Takeover Code"). As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, subsidiaries of Cheung Kong (Holdings) Limited ("CKH") held together 2,130,202,773 Shares, representing approximately 49.97% of the issued ordinary share capital of the Company and for the purposes of the Securities and Futures Ordinance (the "SFO"), each of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust (together the "Trust Companies") is taken to have an interest in the same 2,130,202,773 Shares. In accordance with the SFO, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as directors of the Company, are deemed to be interested in 2,140,672,773 Shares comprising the same 2,130,202,773 Shares and 10,470,000 Shares held by a unit trust, which in aggregate represented approximately 50.21% of the issued ordinary share capital of the Company. In addition, Mr Li Ka-shing held 1,026,000 Shares through a company in which he is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings and Mr Li Tzar Kuoi, Victor held 1,086,770 Shares through certain companies in which he is entitled to control one-third or more of the voting rights at their general meetings. Accordingly, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have interests in a total of 2,141,698,773 Shares and 2,141,759,543 Shares representing approximately 50.23% and 50.24% of the issued ordinary share capital of the Company, respectively.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution (2), then (if the present shareholdings otherwise remained the same) the deemed interests of CKH and the Trust Companies in the Company would be increased to approximately 55.52% of the issued ordinary share capital of the Company and similarly, the deemed interests of both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor in the Company would be increased to approximately 55.82% of the issued ordinary share capital of the Company. In the opinion of the Directors, such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code.

## 7. Share Repurchase made by the Company

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

## 8. Recommendations

The Directors believe that the granting of the general mandate to issue Shares and the granting of the Repurchase Mandate are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

**Li Ka-shing**

*Chairman*