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Hutchison Whampoa Limited



(incorporated in Hong Kong with limited liability)

(Stock Code: 013)

**PLACING OF EXISTING SECURITIES AND SUBSCRIPTION OF NEW
SECURITIES, AND GRANT OF OPTION OVER NEW SECURITIES,
OF
HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED**

CONNECTED TRANSACTIONS

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



SOMERLEY LIMITED

A letter from the Board is set out on pages 6 to 13 of this circular. A letter from the Independent Board Committee giving its opinion to the Independent Shareholders in connection with the Option Agreement is set out on page 14 of this circular. A letter from Somerley, the independent financial adviser, issuing its opinion and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular.

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DEFINITIONS

In this circular, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

| | |
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| “AAPT” | AAPT Limited, a wholly owned subsidiary of TCNZ and the transferor of the Spectrum Licences under the Spectrum Assignment Deeds; |
| “Announcement” | the announcement of the Company dated 10 October 2007 relating to the Transactions; |
| “associate” | shall have the meaning ascribed to such term in the Listing Rules; |
| “ASX” | the Australian Securities Exchange; |
| “Australian Participants Agreement” | the agreement dated May 2001 and made between HTAL, the Company, TCNZ, H3GAH and H3GA recording the arrangements amongst the parties relating to the relationship of the shareholders in H3GAH and other matters relating to H3GAH’s and H3GA’s businesses; |
| “Board” | board of Directors; |
| “CKH” | Cheung Kong (Holdings) Limited, a member of the closely allied group of shareholders of the Company who held approximately 49.965% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company and whose written approval of the Option Agreement was obtained on 11 October 2007; |
| “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: 013); |
| “Completion” | completion of the transactions in accordance with, and subject to, the terms of the Share Sale and Subscription Agreement; |
| “Completion Date” | 19 October 2007, the date on which Completion occurred; |
| “connected person” | shall have the meaning ascribed to such term in the Listing Rules; |
| “Directors” | the directors of the Company; |
| “Group” | the Company and its subsidiaries; |
| “H3GA” | Hutchison 3G Australia Pty. Limited, a wholly owned subsidiary of H3GAH and the holder and operator of 3G telecommunications services in Australia within the HTAL Group; |

DEFINITIONS

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| “H3GAH” | Hutchison 3G Australia Holdings Pty. Limited, the immediate holding company of H3GA, and an 80.06% subsidiary of HTAL prior to Completion and a wholly owned subsidiary of HTAL immediately after Completion; |
| “HCAPL” | Hutchison Communications (Australia) Pty. Limited, an indirect wholly owned subsidiary of the Company and the holder of 52.03% of HTAL Shares and 89.97% of HTAL CPS in issue immediately after Completion; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “HTAL” | Hutchison Telecommunications (Australia) Limited, a company incorporated in New South Wales, Australia, whose shares are listed on the ASX; |
| “HTAL CPS” | convertible preference shares in the capital of HTAL; |
| “HTAL CPS Terms and Conditions” | the terms and conditions upon which the HTAL CPS were created and issued; |
| “HTAL EGM” | the extraordinary general meeting of the shareholders of HTAL held on 8 October 2007 at which the independent shareholders (not including HCAPL) approved, inter alia, the issue of new HTAL Shares pursuant to the Share Sale and Subscription Agreement and the Option Agreement respectively; |
| “HTAL Group” | collectively, HTAL and its subsidiaries, and each member, an “HTAL Group Company”; |
| “HTAL Shares” | fully paid ordinary shares in the capital of HTAL; |
| “Independent Board Committee” | an independent committee of the Board, comprising all the independent non-executive Directors, The Hon Sir Michael David KADOORIE, Mr Holger KLUGE, Mr OR Ching Fai, Raymond and Mr WONG Chung Hin, established to give an opinion in relation to the terms of the Option Agreement to the Independent Shareholders; |
| “Independent Shareholders” | shareholders of the Company who do not have any material interests in the Option Agreement other than by virtue of their respective shareholdings in the Company; |
| “Latest Practicable Date” | 26 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular; |
| “Listing Rules” | Rules Governing the Listing of Securities on the Main Board of the Stock Exchange; |

DEFINITIONS

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|-----------------------------------|--|
| “LKSTC” | Li Ka-Shing Castle Trustee Company Limited, acting as trustee of The Li Ka-Shing Castle Trust, a member of the closely allied group of shareholders of the Company who held approximately 0.27% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company and whose written approval of the Option Agreement was obtained on 11 October 2007; |
| “Option” | the option granted at Completion and at the Option Grant Price pursuant to the Option Agreement by HTAL in favour of TCNZ Sub to subscribe for the Option Securities exercisable at the Option Exercise Price; |
| “Option Agreement” | the agreement dated 10 October 2007 and made amongst HTAL, TCNZ, TCNZ Sub and TNZL which sets out the terms and conditions on and subject to which the Option was granted and may be exercised; |
| “Option CPS” | 1,871,826,516 new HTAL CPS, subject to certain pre-agreed events of reconstruction or changes to HTAL’s capital structure after the date of the Option Agreement; |
| “Option Exercise Period” | the period commencing on the Register Amendment Date (as such term is defined in the Spectrum Assignment Deeds) and expiring at 4:00 p.m., Sydney time, on 31 December 2008 (inclusive); |
| “Option Exercise Price” | the cash consideration which is payable to HTAL on exercise of the Option; |
| “Option Grant Price” | the execution by AAPT of the Spectrum Assignment Deeds and assignment of the Spectrum Licences to HTAL on the respective terms thereof; |
| “Option Securities” | collectively, the Option Shares and the Option CPS; |
| “Option Shares” | 93,591,326 new HTAL Shares, subject to certain pre-agreed events of reconstruction or changes to HTAL’s capital structure after the date of the Option Agreement; |
| “Placing and Top-up Subscription” | the placing of Placing Securities to TCNZ Sub and subscription of the Top-up Securities by HCAPL pursuant to and in accordance with the terms of the Share Sale and Subscription Agreement; |
| “Placing Securities” | 75,402,826 HTAL Shares and 1,508,056,509 HTAL CPS; |
| “PRC” | the People’s Republic of China; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |

DEFINITIONS

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| “Share Sale and Subscription Agreement” | the agreement dated 10 October 2007 and made amongst HCAPL, HTAL, TCNZ and TCNZ Sub in respect of the Placing and Top-up Subscription; |
| “Somerley” | Somerley Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO having CE registration number AAJ067 and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Option Agreement; |
| “Spectrum Assignment Deeds” | the deeds both dated 12 October 2007 and made between AAPT as transferor and HTAL as transferee for assignment of the Spectrum Licences at Completion; |
| “Spectrum Licences” | the 800MHz spectrum licence agreed to be assigned at Completion as consideration for the grant of the Option pursuant to the respective terms of the Spectrum Assignment Deeds; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “substantial shareholder” | shall have the meaning ascribed to such term in the Listing Rules; |
| “TCNZ” | Telecom Corporation of New Zealand Limited, whose shares are listed on the New Zealand Stock Exchange and the ASX and whose American depositary shares are listed on the New York Stock Exchange, a connected person of the Company by virtue of the then shareholding of 19.94% of ordinary shares of H3GAH in issue held by TE3G prior to Completion; |
| “TCNZ Sub” | Telecom 3G (Australia) Limited, a subsidiary of TCNZ and a party to the Share Sale and Subscription Agreement and the Option Agreement; |
| “TCNZ H3GAH Shares” | 31,900,000 fully paid ordinary shares in the capital of H3GAH, representing, before Completion, the whole of TCNZ’s direct or indirect shareholding in H3GAH; |
| “TE3G” | Telecom Europe 3G APS, a wholly owned subsidiary of TCNZ and, prior to Completion, the registered holder of the TCNZ H3GAH Shares; |
| “Termination Agreement” | the agreement dated 10 October 2007 and made amongst HTAL, the Company, TCNZ, H3GAH, and H3GA providing for the termination of the Australian Participants Agreement at Completion; |

DEFINITIONS

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| “TNZL” | Telecom New Zealand Limited, a wholly owned subsidiary of TCNZ and the guarantor of TCNZ Sub’s obligations under the Option Agreement; |
| “Top-up Securities” | such number of new HTAL Shares and new HTAL CPS as is equal to the Placing Securities and which were quoted and tradable on ASX from 22 October 2007, being the business day immediately following the Completion Date; |
| “Transactions” | collectively, the Placing and Top-up Subscription pursuant to the Share Sale and Subscription Agreement and the grant and possible exercise of the Option pursuant to the Option Agreement; |
| “A\$” | Australian dollars, the lawful currency of Australia; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; and |
| “%” | per cent. |

For the purpose of this circular and for reference only, the exchange rate of A\$1.00 to HK\$6.99 is adopted.

LETTER FROM THE BOARD

Hutchison Whampoa Limited



(incorporated in Hong Kong with limited liability)
(Stock Code: 013)

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*
KAM Hing Lam, *Executive Director*
Michael David KADOORIE, *Independent Non-executive Director*
Holger KLUGE, *Independent Non-executive Director*
George Colin MAGNUS, *Non-executive Director*
William Elkin MOCATTA
(Alternate to Michael David Kadoorie)
OR Ching Fai, Raymond, *Independent Non-executive Director*
William SHURNIAK, *Non-executive Director*
WONG Chung Hin, *Independent Non-executive Director*

Registered Office:

22nd Floor
Hutchison House
10 Harcourt Road
Hong Kong

31 October 2007

To the Shareholders

Dear Sir or Madam,

**PLACING OF EXISTING SECURITIES AND SUBSCRIPTION OF NEW
SECURITIES, AND GRANT OF OPTION OVER NEW SECURITIES,
OF
HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED
CONNECTED TRANSACTIONS**

INTRODUCTION

On 10 October 2007, the Company announced that HTAL, a then 57.82% subsidiary of the Company prior to Completion whose securities are listed on the ASX, had entered into the Share Sale and Subscription Agreement and the Option Agreement with, amongst others, TCNZ and TCNZ Sub, following approval of the respective transactions contemplated therein by the independent shareholders of HTAL at the HTAL EGM held on 8 October 2007. Completion of the Placing and Top-up Subscription and the grant of the Option occurred on the Completion Date, 19 October 2007.

LETTER FROM THE BOARD

The Transactions constituted connected transactions for the Company. The purpose of this circular is to provide you with further information on the Transactions, including an opinion from the Independent Board Committee regarding the Option Agreement to the Independent Shareholders and an opinion from Somerley to the Independent Board Committee and the Independent Shareholders on matters required under the Listing Rules.

SHARE SALE AND SUBSCRIPTION AGREEMENT

Date

10 October 2007

Parties

- (1) HCAPL as seller and subscriber
- (2) HTAL as issuer
- (3) TCNZ
- (4) TCNZ Sub as purchaser

Placing and Top-Up Subscription

In consideration of TCNZ Sub agreeing to procure the transfer by TE3G of the TCNZ H3GAH Shares free from encumbrances to HTAL, HCAPL has agreed to (1) transfer the Placing Securities free from encumbrances to TCNZ Sub, and (2) subscribe for, and HTAL issued and allotted to HCAPL, the Top-up Securities free from encumbrances.

HTAL has also agreed to issue and allot to HCAPL, the Top-up Securities free from encumbrances. TCNZ has agreed, amongst other things, to procure TCNZ Sub to take all actions required of it to consummate the transactions contemplated by the Share Sale and Subscription Agreement.

Placing and Subscription Price

In accordance with the terms of the Share Sale and Subscription Agreement, the Top-up Securities were allotted and issued credited as fully paid and at the same value at which each HTAL Share and HTAL CPS as comprising the Placing Securities was transferred to TCNZ pursuant to the Share Sale and Subscription Agreement. HTAL recorded the Top-up Securities as having been issued at their respective fair values on the date of allotment and issue, namely A\$0.185 per HTAL Share and A\$0.21 per HTAL CPS and at an aggregate issue price of A\$330,641,389.70 (or approximately HK\$2,311 million).

Completion and condition to completion

The Share Sale and Subscription Agreement provides for completion of the Placing and Top-up Subscription to be conditional upon (i) any and all requisite consents, approvals and compliance with such issues as may be required under the Listing Rules and/or the Stock Exchange having been obtained; and (ii) any necessary approvals of the Company's shareholders for the grant and exercise of the Option.

LETTER FROM THE BOARD

The above conditions were fulfilled on 11 October 2007 and the parties proceeded to Completion on the Completion Date, whereupon:

- (i) H3GAH became a wholly owned subsidiary of HTAL, TCNZ owned through TCNZ sub an indirect holding of 10% HTAL Shares and 10% HTAL CPS in issue and HCAPL became a shareholder of 52.03% HTAL Shares and 89.97% HTAL CPS in issue. The Top-up Securities were quoted on the ASX from 22 October 2007, the business day immediately following the Completion Date;
- (ii) the Australian Participants Agreement was terminated with no party having any further rights and obligations thereunder and each party releasing and discharging the others from all claims and liabilities thereunder or in connection therewith; and
- (iii) a TCNZ nominee was appointed to a nine-member board of directors of HTAL and the TCNZ nominee resigned from the board of directors of all other HTAL Group Companies on which such nominee sat.

Ranking of the Top-up Securities

In accordance with the Share Sale and Subscription Agreement, the Top-up Securities were allotted and issued fully paid, free from all encumbrances, listed on the ASX and rank *pari passu* in all respects with the HTAL Shares and HTAL CPS then in issue as at the date of allotment.

The audited net deficit of HTAL as at 31 December 2006 was A\$1,831,399,000 (or approximately HK\$12,801 million). The audited net losses before and after taxation of HTAL for the financial years ended 31 December 2005 and 2006 were A\$652,843,000 (or approximately HK\$4,563 million) and A\$759,423,000 (or approximately HK\$5,308 million) respectively.

On Completion, and assuming an issue price of the Top-up Securities of A\$0.185 per HTAL Share and A\$0.21 per HTAL CPS which comprised the Top-up Securities, the Company realised a profit on deemed disposal of approximately HK\$900 million.

OPTION AGREEMENT

Concurrent with execution of the Share Sale and Subscription Agreement, the Option Agreement was also executed and exchanged.

Date

10 October 2007

Parties

- (1) HTAL as grantor
- (2) TCNZ
- (3) TCNZ Sub as grantee
- (4) TNZL as guarantor of TCNZ Sub's obligations

LETTER FROM THE BOARD

Option

The Option Agreement provides for the grant, at Completion, of the non-transferable right exercisable once and in whole only by TCNZ Sub to subscribe for the Option Securities at any time during the Option Exercise Period, against TCNZ Sub's agreement to satisfy the Option Grant Price by procuring AAPT to assign at Completion the Spectrum Licences to HTAL on the terms of the Spectrum Assignment Deeds. The agreed aggregate value ascribed to the Spectrum Licences was A\$13,890,189 (or approximately HK\$97 million).

The following cash consideration is payable by TCNZ Sub on exercise of the Option:

- (i) A\$250 million (or approximately HK\$1,748 million), if the Option is exercised on or before 31 December 2007;
- (ii) A\$275 million (or approximately HK\$1,922 million), if the Option is exercised after 31 December 2007 but on or before 30 June 2008; or
- (iii) A\$300 million (or approximately HK\$2,097 million), if the Option is exercised after 30 June 2008 but on or before the 4:00 p.m., Sydney time, on 31 December 2008.

The parties reached agreement on the terms of the Transactions (including without limitation the Option Grant Price and the Option Exercise Price) after arm's length negotiations.

Completion and condition to completion

Completion of the Option Agreement was conditional upon the approval by the Independent Shareholders necessary in connection with the entering into and implementation of the Option Agreement at a general meeting of the Company or as permitted by the Stock Exchange. This condition was fulfilled upon the grant of waiver by the Stock Exchange pursuant to Listing Rule 14A.43 and the issue of the written approval by CKH and LKSCTC of the Option Agreement both on 11 October 2007, and the parties proceeded to grant TCNZ Sub the Option under the Option Agreement on the Completion Date.

Upon the exercise of the Option, and assuming no other changes to TCNZ's and HCAPL's respective shareholdings in HTAL in the meantime, TCNZ will have an indirect holding of 19.94% HTAL Shares and HTAL CPS in issue and HCAPL will become a shareholder of 46.29% HTAL Shares and 80.04% HTAL CPS in issue.

LETTER FROM THE BOARD

CHANGES IN HTAL'S SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of HTAL (1) as at the date of the Announcement, and the changes thereto upon (2) completion of the Placing and Top-up Subscription, and (3) the exercise of the Option.

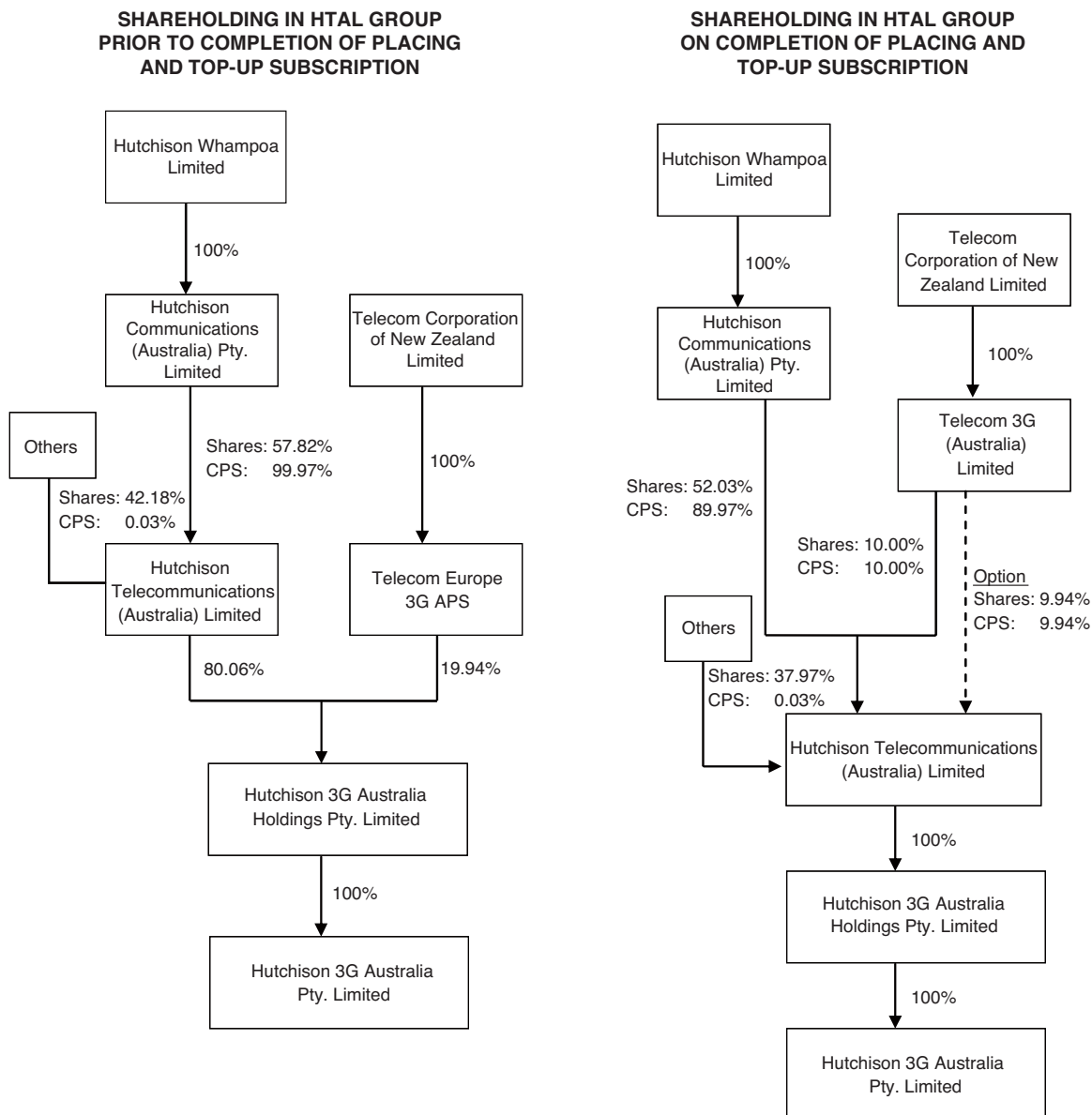
| Holder of securities | Ownership of HTAL securities in issue (expressed as a % of the class of securities in issue) | | | | | |
|----------------------|---|----------------------------|---------------------------------------|----------------------------|--------------------------|----------------------------|
| | (1) | | (2) | | (3) | |
| | As at date of Announcement | | After Placing and Top-up Subscription | | After Exercise of Option | |
| | HTAL Shares | HTAL CPS | HTAL Shares | HTAL CPS | HTAL Shares | HTAL CPS |
| HCAPL | 392,353,358 (57.82%) | 13,568,383,554 (99.97%) | 392,353,358 (52.03%) | 13,568,383,554 (89.97%) | 392,353,358 (46.29%) | 13,568,383,554 (80.04%) |
| TCNZ | 0 (0.00%) | 0 (0.00%) | 75,402,826 (10.00%) | 1,508,056,509 (10.00%) | 168,994,152 (19.94%) | 3,379,883,025 (19.94%) |

Note: The above shareholdings are based on HTAL's then existing share capital in issue as at the date of the Announcement and only show changes resulting from the implementation of the Transactions.

According to the HTAL CPS Terms and Conditions, upon the occurrence of a "Change of Control Event", such as that on the exercise of the Option by TCNZ Sub which results in HCAPL's interest in HTAL Shares falling below 50%, HCAPL has the right to convert some or all of its HTAL CPS, allowing HCAPL to convert that number of HTAL CPS as is necessary to restore its interest in HTAL Shares to above 50%. By virtue of the existence and effect of potential voting rights that are convertible and exercisable by HCAPL upon the occurrence of the "Change of Control Event", the Company will continue to have control over HTAL and will continue to account for and consolidate HTAL in its audited consolidated accounts as a "subsidiary" pursuant to applicable Hong Kong Financial Reporting Standards should HCAPL's interest in HTAL Shares fall below 50% as a result of the exercise of the Option.

LETTER FROM THE BOARD

The shareholding structures of HTAL and H3GAH prior to and on Completion (assuming no changes other than as a result of such Completion) may be summarised diagrammatically as follows:-



LETTER FROM THE BOARD

INFORMATION ABOUT THE PARTIES

TCNZ is a provider of a full range of telecommunications services in New Zealand, including fixed telephony, wireless voice and data services, broadband and IT services.

REASONS FOR, AND THE BENEFITS OF, THE TRANSACTIONS

The Transactions recognised that the principal business focus and business investment of HTAL in Australia is the 3G business operated by H3GA, presented an opportunity to simplify the corporate structure of H3GAH and terminated the Australian Participants Agreement, and allowed the HTAL Group to acquire certain 800MHz spectrum providing a variety of technology based options for H3GA services thereby enhancing the HTAL Group's competitive position and to receive additional funding of up to A\$300 million (or approximately HK\$2,097 million) if the Option is exercised. At Completion, a termination of the Australian Participants Agreement also allowed the control of the 3G businesses of H3GAH and H3GA to rest with the current management. The independent directors of HTAL considered the Transactions to be in the best interests of the shareholders of HTAL and recommended the independent shareholders of HTAL to vote in favour of the resolutions proposed in connection with the same, which they duly did, at the HTAL EGM. The Board, including the Independent Non-executive Directors after taking into account the opinion given by Somerley, also considered the respective terms and conditions of the Transactions (including the terms of the Share Sale and Subscription Agreement, the Option Grant Price and the Option Exercise Price) to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

TCNZ and TCNZ Sub were connected persons of the Company by virtue of TE3G being a substantial shareholder of H3GAH at the time of the entering into of the Share Sale and Subscription Agreement and the Option Agreement. Accordingly, the Transactions constituted connected transactions for the Company. The Company is of the view that the Placing and the Top-up Subscription constituted connected transactions for the Company which are exempt under Listing Rule 14A.31(3)(d) from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules and are subject to disclosure by way of announcement only under Listing Rule 13.28. The grant and any exercise of the Option pursuant to the Option Agreement are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules. On 11 October 2007, the Company obtained a written approval of the Option Agreement from a closely allied group of shareholders of the Company comprising CKH and LKSCTC who, in aggregate, held approximately 50.235% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company. On 11 October 2007, the Stock Exchange also granted to the Company a waiver pursuant to Listing Rule 14A.43 from the requirement to hold a general meeting of the Company's shareholders and permission for the independent shareholders' approval of the Option Agreement to be given in writing on the basis that no shareholder of the Company was required to abstain from voting if the Company were to convene a general meeting for the approval of the Option Agreement and the requisite written approval of the shareholders of the Company having been obtained.

The Independent Board Committee was formed to give an opinion to the Independent Shareholders in connection with the Option Agreement after taking into account the opinion issued by Somerley, the independent financial adviser appointed to issue an opinion to the Independent Board Committee and the Independent Shareholders on matters required under the Listing Rules.

LETTER FROM THE BOARD

OPINIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains the opinion of the Independent Board Committee to the Independent Shareholders regarding the Option Agreement and (ii) the letter from Somerley set out on pages 15 to 28 of this circular which contains its opinion to the Independent Board Committee and the Independent Shareholders on matters as required under the Listing Rules.

FURTHER INFORMATION

Your attention is drawn to the further information set out in the appendix to this circular, which form part of this circular.

Yours faithfully,
By Order of the Board

FOK Kin-ning, Canning
Group Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Hutchison Whampoa Limited



(incorporated in Hong Kong with limited liability)
(Stock Code: 013)

31 October 2007

To the Independent Shareholders

Dear Sir or Madam,

**PLACING OF EXISTING SECURITIES AND SUBSCRIPTION OF NEW
SECURITIES, AND GRANT OF OPTION OVER NEW SECURITIES,
OF
HUTCHISON TELECOMMUNICATIONS (AUSTRALIA) LIMITED**

CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Option Agreement. Details of the Option Agreement, together with the Transactions and the terms of the Share Sale and Subscription Agreement which are given by way of background, are set out in the letter from the Board in the circular of the Company dated 31 October 2007 (the "Circular") to the Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter.

Having taken into account of the term of the Option Agreement and the opinion of Somerley, we consider that the terms on which the Option, which is an integral part of the Transactions, was granted and on which the Option may be exercised to be fair and reasonable to the Independent Shareholders and in the interests of the Company and its shareholders as a whole.

Yours faithfully,

Independent Board Committee

Michael David KADOORIE Holger KLUGE OR Ching Fai, Raymond WONG Chung Hin
All the Independent Non-executive Directors

LETTER FROM SOMERLEY

The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

31 October 2007

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

PLACING OF EXISTING SECURITIES AND SUBSCRIPTION OF NEW SECURITIES, AND GRANT OF OPTION OVER NEW SECURITIES, OF HTAL

CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Option granted to TCNZ Sub pursuant to the Option Agreement which was conditional upon approval by the Independent Shareholders. Details of the Option Agreement are set out in the circular dated 31 October 2007 issued by the Company (the "Circular") to its shareholders, of which this letter forms part. Unless the context otherwise requires, terms and expressions used in this letter have the same meanings as defined in the Circular. The Transactions described in the Circular were completed on 19 October 2007. The purpose of this letter is to give the Independent Board Committee and the Independent Shareholders our opinion on matters required under the Listing Rules, in particular the Option Agreement.

The Option granted to TCNZ Sub is part of the Transactions which involve the placing of Placing Securities in HTAL, a subsidiary of the Company, by HCAPL to TCNZ Sub and the subscription of Top-up Securities by HCAPL pursuant to the Share Sale and Subscription Agreement. TCNZ and TCNZ Sub were connected persons of the Company by virtue of TE3G being a substantial shareholder of H3GAH at the time of the entering into of the Share Sale and Subscription Agreement and the Option Agreement. Accordingly, the Transactions constituted connected transactions for the Company. The Company was of the view that the Placing and Top-up Subscription under the Share Sale and Subscription Agreement were exempt under Listing Rule 14A.31(3)(d) from the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules and were subject to disclosure by way of announcement only under Listing Rule 13.28. The grant and any exercise of the Option pursuant to the Option Agreement were subject to the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules.

The Company has obtained a written approval of the Option Agreement from a closely allied group of shareholders of the Company comprising CKH and LKSCTC who, in aggregate, held approximately 50.235% in nominal value of the securities giving the right to attend and vote at any general meeting of the Company. The Company has applied for, and the Stock Exchange has granted the Company, a waiver from the requirement to hold a general meeting of the

LETTER FROM SOMERLEY

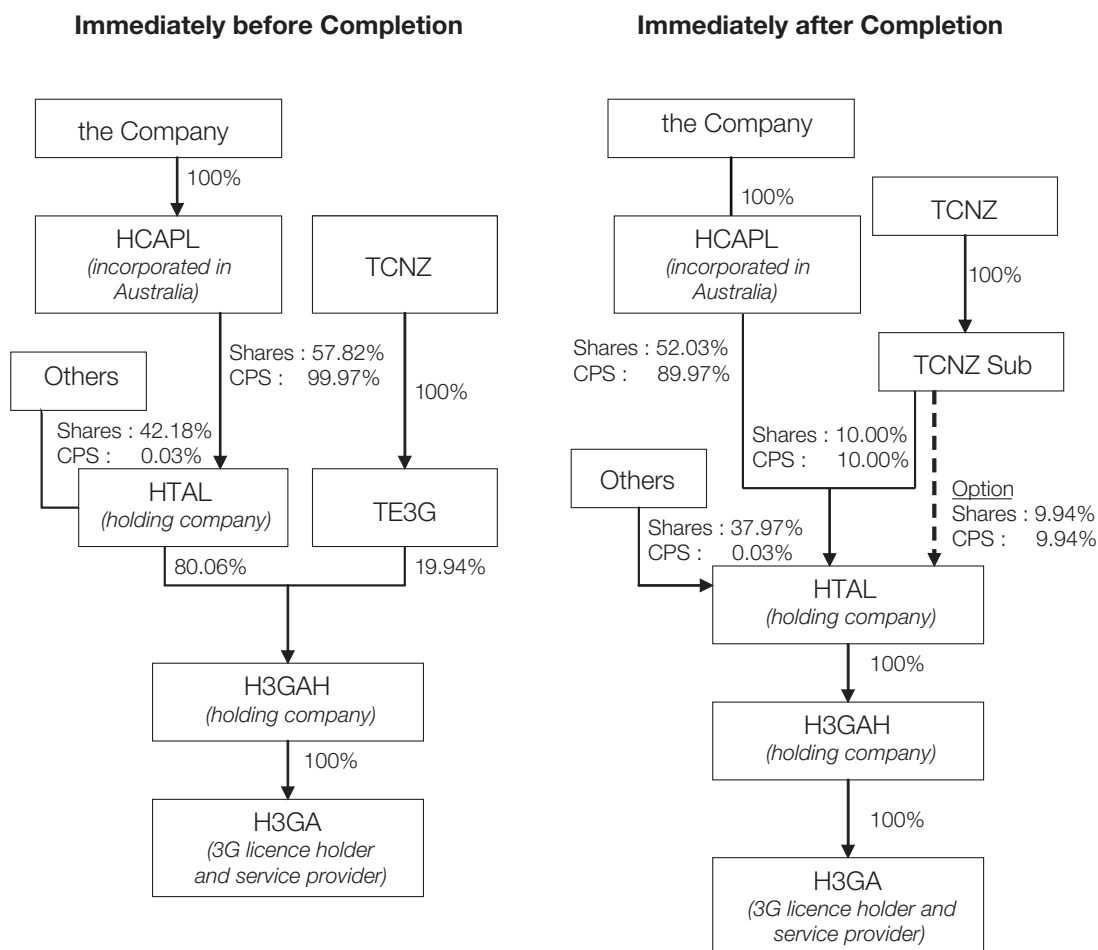
Shareholders and permission for the Independent Shareholders' approval of the Option Agreement to be given in writing pursuant to Listing Rule 14A.43. We, Somerley, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on matters required under the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and HTAL and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have however not conducted an independent investigation into the business and affairs of the HTAL Group nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

SHAREHOLDING STRUCTURES OF HTAL AND H3GAH BEFORE AND AFTER THE TRANSACTIONS

The shareholding structures of HTAL and H3GAH prior to and after completion of the Placing and Top-up Subscription may be summarised as follows:



LETTER FROM SOMERLEY

SUMMARY OF THE TRANSACTIONS

Background

At the HTAL EGM held on 8 October 2007, independent shareholders of HTAL gave all necessary approvals required from them in respect of the Transactions, including the proposal for the grant of the Option to TCNZ Sub.

Subsequently, on 10 October 2007, HCAPL, HTAL, TCNZ and TCNZ Sub entered into the Share Sale and Subscription Agreement with respect to the Placing and Top-up Subscription and HTAL, TCNZ, TCNZ Sub and TNZL entered into the Option Agreement.

On 19 October 2007, completion of the Placing and Top-up Subscription took place in accordance with the terms of the Share Sale and Subscription Agreement and the Option was effectively granted to TCNZ Sub and the Top-up Securities were quoted on ASX from 22 October 2007, the ASX trading day immediately following the Completion Date.

The Placing and Top-up Subscription

In summary, the Placing and Top-up Subscription involved:

- TE3G transferring its approximately 19.94% (representing its entire) interest in H3GAH to HTAL;
- HCAPL transferring to TCNZ Sub the Placing Securities equivalent to 10% of the enlarged share capital (immediately following the Placing and Top-up Subscription) of HTAL; and
- HTAL issuing to HCAPL the Top-up Securities exactly equivalent in number and terms to the Placing Securities.

The Share Sale and Subscription Agreement provides for completion of the Placing and Top-up Subscription to be conditional upon (i) any and all requisite consents, approvals and compliance with such issues as may be required under the Listing Rules and/or the Stock Exchange having been obtained; and (ii) any necessary approvals of the Company's shareholders for the grant and exercise of the Option. The above conditions were fulfilled on 11 October 2007 and the parties proceeded to Completion on the Completion Date.

On Completion:

- assuming an issue price of A\$0.185 per HTAL Share and A\$0.21 per HTAL CPS which comprised the Top-up Securities, the Company realised a profit on deemed disposal of approximately HK\$900 million; and
- the Australian Participants Agreement, which placed certain restrictions on HTAL's full control over H3GAH and H3GA and transfers of shares in H3GAH, was also terminated.

Following Completion, the principal business asset and principal business focus of HTAL will continue to be its investment in H3GAH, which became a wholly owned (rather than partly owned) subsidiary of HTAL, and the 3G business operated in Australia by H3GA.

LETTER FROM SOMERLEY

The Option

The Option granted to TCNZ Sub will enable TCNZ Sub to acquire further HTAL Shares and HTAL CPS equivalent to approximately 9.94% of the enlarged share capital of HTAL assuming no change to HTAL's share capital other than pursuant to the Transactions. The Option is inter-conditional with the other elements of the Transactions and was not granted on a stand-alone basis.

The consideration for the grant of the Option was the assignment to HTAL of the Spectrum Licences in the 800MHz band in certain geographic areas in Australia (outside Sydney and Melbourne). These licences complement the radio communications spectrum licences in the 800MHz band in Sydney and Melbourne that HTAL currently holds, and allow the HTAL Group to complete its spectrum footprint and compete on an equal footing with the other major operators in the market. Further details of the Option are set out below:

- The consideration received by HTAL for the grant of the Option has been valued by HTAL at approximately A\$13.89 million (or approximately HK\$97 million) based on the Black-Scholes model and the Spectrum Licences will have an equivalent value in the books of HTAL.
- The grant of the Option was effected on 19 October 2007, upon completion of the Placing and Top-up Subscription.
- The maximum number of HTAL securities to be issued on exercise of the Option is:
 - (i) 93,591,326 HTAL Shares; and
 - (ii) 1,871,826,516 HTAL CPS (which are convertible into 1,591,052,538 HTAL Shares),

or such other number of HTAL Shares and HTAL CPS following an alteration to or reorganisation of the share capital of HTAL (as determined in accordance with the listing rules of the ASX).

- The Option may be exercised during the period commencing on the date of completion of the procedures for the transfer of the Spectrum Licences to HTAL, which is expected to be within one month of grant of the Option and expiring at 4:00 p.m. Sydney time on 31 December 2008 (inclusive). The Option will lapse if not exercised on or before that date.
- The price payable in cash by TCNZ Sub to HTAL on exercise of the Option is:
 - (a) A\$250 million (or approximately HK\$1,748 million), if the Option is exercised on or before 31 December 2007;
 - (b) A\$275 million (or approximately HK\$1,922 million), if the Option is exercised after 31 December 2007 but on or before 30 June 2008; or
 - (c) A\$300 million (or approximately HK\$2,097 million), if the Option is exercised after 30 June 2008 but on or before 4:00 p.m. (Sydney time) on 31 December 2008.
- The Option may only be exercised once and in whole and is not transferable.

LETTER FROM SOMERLEY

- In the event of any reorganisation of the share capital of HTAL, the terms of the Option will be changed to the extent necessary to comply with the listing rules of ASX applying to a reorganisation of share capital at the time of the reorganisation.
- If the Option is exercised, the funds raised will be used for the general purposes of the HTAL Group's business including potentially retiring loans held by H3GA.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Option, we have considered the following principal factors and reasons:

1. Background to and reasons for the Transactions

The ownership of H3GAH prior to completion of the Placing and Top-up Subscription was HTAL 80.06% and TE3G 19.94%. H3GAH is now wholly owned by HTAL. As is common practice, the joint investment in H3GAH was regulated by a shareholders' agreement, the Australian Participants Agreement, which sets out, among other things, the funding commitments of HTAL and TCNZ to H3GAH, the number of representatives to be appointed by each party to the board of directors of H3GAH, minority shareholders' veto rights on certain decisions and certain restrictions on the transfers of shares in H3GAH. Again, as is normal practice, the Australian Participants Agreement was terminated when TE3G ceased to hold any shareholding interest in H3GAH on 19 October 2007.

The reasons for the Transactions, including the grant of the Option, may be summarised as follows:

- The principal business focus and business investment of HTAL in Australia is the 3G business operated by H3GA and under the Transactions HTAL was able to acquire all the interest in H3GAH it did not own thereby obtaining full control over both H3GAH and H3GA, which it did not enjoy previously.
- The Transactions have resulted in the simplification of the corporate structure of H3GAH and the termination of the Australian Participants Agreement.
- The Transactions remove the restrictions on HTAL's full control over H3GAH and H3GA and transfers of shares in H3GAH imposed by the Australian Participants Agreement.
- HTAL was able to acquire from AAPT, as consideration for the grant of the Option, certain spectrum licences in the 800MHz band, which together with HTAL's existing 800MHz band in Sydney and Melbourne provides a variety of technology based options for H3GA services.
- HTAL may receive additional funding of up to A\$300 million if the Option is exercised by TCNZ Sub.

The independent directors of HTAL considered the Transactions to be in the best interests of the shareholders of HTAL and recommended the independent shareholders of HTAL to vote in favour of the resolutions proposed in connection with the same, which they duly did, at the HTAL EGM.

LETTER FROM SOMERLEY

2. Recent progress and results of HTAL

(i) Recent progress on 3G business

In 2006, the HTAL Group continued to strengthen its 3G business with its customer base expanding by 90.4% to 1.25 million. The HTAL Group had also further developed its 3G non-voice services including messaging services, mobile TV, downloading and other content service. By providing innovative new content services to its customers, the HTAL Group increased its number of recurring monthly subscriptions to the 3G non-voice content service by 78.5% to 930,000 customers at the end of 2006. To focus solely on 3G business, the HTAL Group closed its 2G CDMA network in August 2006 and upgraded 287,000 CDMA customers to the 3G network.

In the first half of 2007, the HTAL Group continued to provide new innovative non-voice services including the launch of new 3G mobile broadband service which provides easy to use, affordable and fast internet access. The customer base of HTAL in the first half of 2007 showed a further growth of 12.8% when compared to 31 December 2006, reaching 1.41 million as at 30 June 2007.

(ii) Financial information of HTAL

Profit and loss

The following table sets out the financial performance of HTAL for the two years ended 31 December 2006 and the six months ended 30 June 2007:

| | Year ended 31 December 2005 | Year ended 31 December 2006 | Six months ended 30 June 2007 |
|--|--|--|--|
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| | <i>A\$ 'million</i> | <i>A\$ 'million</i> | <i>A\$ 'million</i> |
| Revenue from continuing operations | 915.9 | 1,058.7 | 630.8 |
| Earning before interest, tax, depreciation and amortization ("EBITDA") | (165.6) | 30.2 | 31.4 |
| Loss from ordinary activities after tax ("NLAT") | (652.8) | (759.4) | (197.3) |
| Capital expenditure ("CAPEX") | (207.1) | (203.8) | (134.7) |
| Average margin per month in 3G business | 28.7 | 53.3 | 69.0 |

For the year ended 31 December 2006, HTAL recorded a positive EBITDA of A\$30.2 million following a negative EBITDA of A\$165.6 million in 2005. The improvement was mainly due to strong growth in revenue and operating margins brought about by the expansion in the 3G-customer base throughout 2006. HTAL's total revenue from continuing operations in 2006 increased by 15.6% to A\$1,058.7 million when compared to 2005. About 87.4% of HTAL's total revenue was generated from telecommunications services which increased by 22.0% from A\$758.2 million in 2005 to A\$924.9 million in 2006. Service revenue in 3G business jumped by 75.8% from A\$482.9 million in 2005 to A\$848.9 million contributed by the upgrading of 2G CDMA customer to the 3G network. Margins in the 3G business of the HTAL Group have also increased by 85.7% from A\$28.7 million per month in 2005 to A\$53.3 million per month in 2006.

LETTER FROM SOMERLEY

The NLAT of A\$759.4 million for 2006 included A\$307.9 million of cost associated with the closure of the 2G CDMA network. The underlying NLAT of A\$451.5 million for 2006 showed a reduction in net loss of about A\$200 million when compared to the NLAT of A\$652.8 million in 2005. Despite the strong increase in customer base in 2006, CAPEX was slightly down by 2%.

For the first half of 2007, HTAL recorded improved financial performance resulting from the strong 3G customer growth and the increase in usage of non-voice service by 3G customers. HTAL's EBITDA increased by A\$28.4 million to A\$31.4 million, when compared to the corresponding period in 2006. HTAL's total revenue from continuing operations increased by 28.6% to A\$630.8 million when compared to the corresponding period in 2006. Service revenue grew by 29.7% to A\$549.2 million when compared to the corresponding period in 2006. 3G service revenue (which accounts for 85.8% of total revenue and 98.6% of total service revenue of HTAL) grew by 50.3% from A\$360.1 million for the first six months of 2006 to A\$541.4 million for the first half of 2007. Margins in the 3G business have also grown from A\$44.9 million during the first half of 2006 to A\$69.0 million per month during the first half of 2007, an increase of 53.7%. HTAL recorded an NLAT of A\$197.3 million for the first half of 2007, a 62.4% improvement on the NLAT of A\$524.7 million reported in the corresponding period in 2006. Included in the NLAT was a lower interest charge of A\$14.6 million. CAPEX increased by 59.4% to A\$134.7 million in the first half of 2007 when compared to the corresponding period in 2006. Such an increase was attributable to network capacity enhancements and software licensing resulting from the further customer growth in the first half of 2007.

Balance Sheet

The following table sets out the balance sheet of HTAL as at 31 December 2006 and 30 June 2007:

| | As at 31 December 2006 <i>(audited)</i> <i>(A\$'000)</i> | As at 30 June 2007 <i>(unaudited)</i> <i>(A\$'000)</i> |
|--|---|---|
| Non-current assets (excluding intangible assets) | 1,054,192 | 1,124,973 |
| Intangible assets | 706,020 | 680,137 |
| Current assets | <u>316,456</u> | <u>408,852</u> |
| Total assets | <u>2,076,668</u> | <u>2,213,962</u> |
| Non-current liabilities | 2,848,123 | 902,550 |
| Current liabilities | <u>1,059,944</u> | <u>499,673</u> |
| Total liabilities | <u>3,908,067</u> | <u>1,402,223</u> |
| Equity attributable to Shareholders | (1,831,399) | 811,739 |
| Minority interests | <u>–</u> | <u>–</u> |
| Total equity | <u>(1,831,399)</u> | <u>811,739</u> |
| Total shares in issue (million) | | |
| HTAL Shares | 678.6 | 678.6 |
| HTAL CPS | – | 13,572.5 |

LETTER FROM SOMERLEY

As at 31 December 2006, HTAL had total assets of A\$2,076.7 million, with network equipment of A\$605.7 million (accounting for 29.2%), and intangible assets, which consist of the 3G-spectrum licences, 3G network development costs, customer acquisition and retention costs and transmission capacity of A\$706.0 million (accounting for 34.0%). Total liabilities amounted to A\$3,908.1 million with convertible notes of A\$598.8 million (accounting for 15.3%), unsecured bank borrowings of A\$2,044.6 million (accounting for 52.3%) and loan from parent and related entities of A\$950.4 million (accounting for 24.3%). The net liability position of HTAL was principally the result of the use of bank loans to finance the 3G business and its net losses since 2000 as the business developed.

As at 30 June 2007, HTAL had total assets of A\$2,214.0 million with network equipment, and intangible assets which consist of the 3G-spectrum licences, 3G network development costs, customer acquisition and retention costs and transmission capacity of A\$680.1 million (accounting for 30.7%). Non-current assets (excluding intangible assets) increased by 6.7% from A\$1,054.2 million to A\$1,125.0 million. The increase was mainly due to the enhancement of 3G-network to cope with the strong expansion of customer base during the first half of 2007. Total liabilities amounted to A\$1,402.2 million, representing a decrease of 64.1% compared to 31 December 2006. The decrease in total liabilities was due to the repayment of debt which was funded by the proceeds from the issue of HTAL CPS in June 2007.

3. Issued share capital and ownership of HTAL and recent rights issue

Immediately prior to Completion, the Company indirectly owned, through HCAPL 392,353,358 HTAL Shares (representing approximately 57.82% of the HTAL Shares in issue) and 13,568,383,554 HTAL CPS (representing 99.97% of the HTAL CPS in issue). Immediately following Completion, the Company, through HCAPL, owns 392,353,358 HTAL Shares (representing 52.03% of the HTAL Shares in issue), and 13,568,383,554 HTAL CPS (representing 89.97% of the HTAL CPS in issue).

In June 2007, HTAL offered for subscription, by way of a renounceable rights issue, 13,572,508,580 HTAL CPS at an issue price of A\$0.21 for each HTAL CPS. The rights issue was underwritten by HCAPL which, together with its pro rata subscription, resulted in HCAPL holding 99.97% of the HTAL CPS then in issue.

The provisions of "Change of Control Event" in the HTAL CPS Terms and Conditions as set out in the "Letter from the Board" grant HCAPL the right to convert some or all of its HTAL CPS, should HCAPL's interest in HTAL Shares fall below 50% as a result of the exercise of the Option thereby allowing HCAPL to convert that number of HTAL CPS as is necessary to restore its interest in HTAL Shares to above 50%. By virtue of the existence and effect of potential voting rights that are convertible and exercisable by HCAPL upon the occurrence of the "Change of Control Event", the Company will continue to have control over HTAL and continue to account for and consolidate HTAL in its audited consolidated accounts as a "subsidiary" pursuant to applicable Hong Kong Financial Reporting Standards should HCAPL's interest in HTAL Shares fall below 50% as a result of the exercise of the Option.

Rights of HTAL CPS issued in June 2007

Issue Price: The HTAL CPS were issued at an issue price of A\$0.21 per HTAL CPS.

LETTER FROM SOMERLEY

Conversion ratio: The HTAL CPS are convertible (subject as set out below) on the basis of 0.85 HTAL Share for each HTAL CPS.

Term: The HTAL CPS have a term of 5 years from the allotment date (8 June 2007) and, to the extent not already converted, will automatically convert into HTAL Shares on 8 June 2012.

There is a non-conversion period of 2 years after the allotment date, subject to limited exceptions (i.e. restricted conversion is permitted until 8 June 2009).

After expiry of the non-conversion period, HTAL CPS may be converted by a holder during a conversion window of 10 business days commencing on the first day of each calendar quarter.

A holder may convert their HTAL CPS at any time:

- (i) upon a takeover offer being made (or similar event);
- (ii) occurrence of a "Change of Control Event"; or
- (iii) on HTAL obtaining shareholders' approval for the disposal of its main undertaking.

HTAL may cause the HTAL CPS to be converted if the events in (i) or (ii) occur or if there is a regulatory change affecting the HTAL CPS, including a change to the tax or accounting treatment of the HTAL CPS.

Dividends: The HTAL CPS have a right to a non-cumulative preferential dividend equal to 5% per annum of the issue price, subject to the directors determining, in their discretion, that a dividend is payable under rule 5.1 of the constitution of HTAL.

Listing: The HTAL CPS are quoted on the ASX.

Voting rights: Holders of the HTAL CPS have no right to speak or vote at general meetings of HTAL, except in circumstances permitted by the listing rules of the ASX and in limited circumstances where a proposal is being considered to affect any rights attaching to the HTAL CPS.

The rights attached to the HTAL CPS transferred or acquired by HCAPL under the Placing and Top-up Subscription are equivalent to the rights attached to the HTAL CPS issued in June 2007 described above.

LETTER FROM SOMERLEY

4. Effect of the exercise of the Option on the share capital of HTAL

The issued share capital of HTAL after the Transactions and assuming full exercise of the Option is as follows:

Table 1 - HTAL Shares

| | As at the Latest Practicable Date | | On exercise of Option | | Enlarged total | |
|----------|--|---------------|--|--|-----------------------|--|
| | <i>Number of HTAL Shares (million)</i> | <i>%</i> | <i>Number of HTAL Shares (million)</i> | <i>Number of HTAL Shares (million)</i> | <i>%</i> | |
| HCAPL | 392.3 | 52.03 | – | 392.3 | 46.29 | |
| TCNZ Sub | 75.4 | 10.00 | 93.6 | 169.0 | 19.94 | |
| Others | 286.3 | 37.97 | – | 286.3 | 33.77 | |
| | <u>754.0</u> | <u>100.00</u> | <u>93.6</u> | <u>847.6</u> | <u>100.00</u> | |

- Table 1 illustrates that TCNZ Sub currently holds 10.00% of the issued share capital of HTAL which would increase to 19.94% if it exercises its Option over further new shares of HTAL and no other new shares are issued. HCAPL's interest in HTAL would be diluted to 46.29% in that case, but it would have the right to convert all or some of its HTAL CPS to maintain its holding at over 50% as the dilution would constitute a "Change of Control Event" as defined in the HTAL CPS Terms and Conditions.

Table 2 - HTAL CPS

| | As at the Latest Practicable Date | | On exercise of Option | | Enlarged total | |
|----------|--|---------------|-------------------------------------|-------------------------------------|-----------------------|--|
| | <i>Number of HTAL CPS (million)</i> | <i>%</i> | <i>Number of HTAL CPS (million)</i> | <i>Number of HTAL CPS (million)</i> | <i>%</i> | |
| HCAPL | 13,568.4 | 89.97 | – | 13,568.4 | 80.04 | |
| TCNZ Sub | 1,508.1 | 10.00 | 1,871.8 | 3,379.9 | 19.94 | |
| Others | 4.1 | 0.03 | – | 4.1 | 0.02 | |
| | <u>15,080.6</u> | <u>100.00</u> | <u>1,871.8</u> | <u>16,952.4</u> | <u>100.00</u> | |

Note: Each HTAL CPS converts into 0.85 of an HTAL Share.

- Table 2 shows TCNZ Sub's current holding of HTAL CPS is 10.00%, i.e. the same as its position in the HTAL Shares shown in Table 1, while HCAPL would hold 89.97% of the HTAL CPS if TCNZ Sub does not exercise the Option and 80.04% if it does.

LETTER FROM SOMERLEY

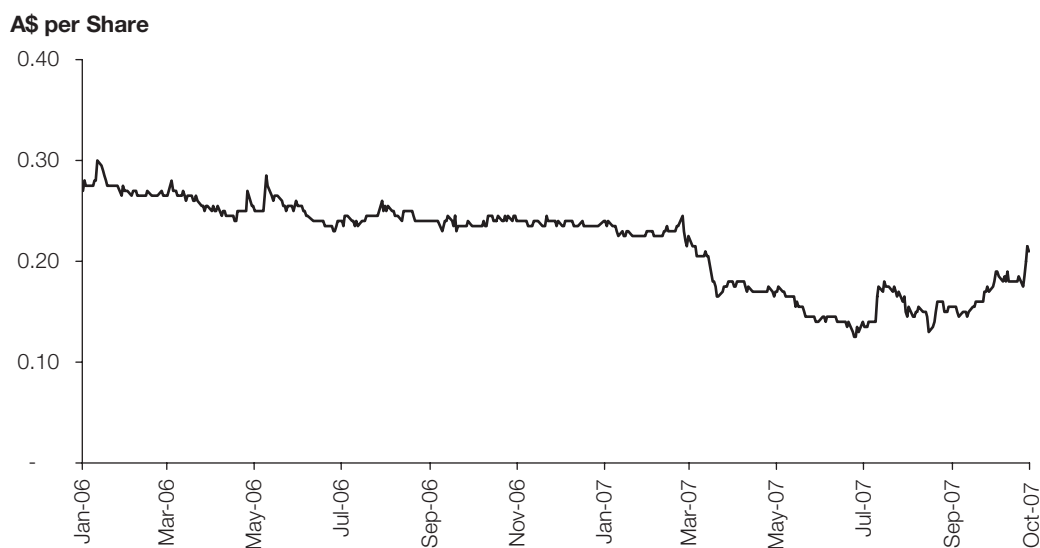
Table 3 - Assuming full conversion of HTAL CPS

| | HTAL Shares (Option Not Exercised) | | HTAL Shares (Option Exercised) | |
|----------|---------------------------------------|---------------|-----------------------------------|---------------|
| | Number of shares (million) | % | Number of shares (million) | % |
| HCAPL | 11,925.5 | 87.87 | 11,925.5 | 78.16 |
| TCNZ Sub | 1,357.2 | 10.00 | 3,041.9 | 19.94 |
| Others | 289.8 | 2.13 | 289.8 | 1.90 |
| | <u>13,572.5</u> | <u>100.00</u> | <u>15,257.2</u> | <u>100.00</u> |

- Table 3 shows the fully diluted position if all the HTAL CPS are converted. If the Option is not exercised, HCAPL will hold 87.87% of HTAL's enlarged ordinary share capital, TCNZ Sub 10.00% and others 2.13%. If the Option is exercised, HCAPL will hold 78.16% of HTAL's enlarged ordinary share capital, TCNZ Sub 19.94% and others 1.90%.

5. Analysis of closing price of HTAL Shares on the ASX

The chart below illustrates the movement of the closing price for the HTAL Shares on the ASX during the period from 1 January 2006 up to the Latest Practicable Date:



Source: Bloomberg

LETTER FROM SOMERLEY

From 1 January 2006 to 26 February 2007, the closing price of the HTAL Shares on the ASX ranged between A\$0.225 and A\$0.30.

On 27 February 2007, HTAL announced results for the year 2006 showing an approximate 40% increase in net loss attributable to members of HTAL to approximately A\$759 million, compared to its annual loss of approximately A\$547 million in 2005. The share price of HTAL Shares dropped by approximately 4% to A\$0.22 on 28 February 2007 from A\$0.23 on 27 February 2007. The share price further declined to A\$0.205 by mid March 2007.

Following the announcement of rights issue of HTAL CPS on 19 March 2007, the share price of HTAL Shares dropped by approximately 12% from A\$0.205 to A\$0.18. The share price of HTAL Shares declined further to A\$0.125 on 26 June 2007 and remained in a range of between A\$0.125 to A\$0.14 up to 11 July 2007, rising during the rest of July to close the month at A\$0.165.

In August 2007, global stock markets were affected by the turmoil in the credit markets. The Australian Stock Exchange 200 Index ("ASX 200 Index") dropped by approximately 7.7% from 6,144.2 on 31 July 2007 to 5,671.0 on 17 August 2007. During the same period, the closing price of the HTAL Share fell by approximately 21% from A\$0.165 to A\$0.13.

In line with the recovery of stock markets generally, the ASX 200 Index increased by 18.8% from 5,671.0 on 17 August 2007 to 6,738.3 on the date of Announcement. The closing price of the Shares rose by 38.5% from A\$0.13 to A\$0.18 during the same period.

Following the release of the Announcement on 10 October 2007, the Share price rose by approximately 5.6% to A\$0.19 on 11 October 2007 and closed at A\$0.21 on the Latest Practicable Date.

Upon the exercise of the Option and, assuming full conversion of the HTAL CPS which TCNZ Sub would receive on exercise of the Option, an additional 1,684,643,864 HTAL Shares would be held by TCNZ Sub. The Option Exercise Prices of A\$250 million, A\$275 million and A\$300 million (depending on timing of exercise of the Option) are equivalent to prices of A\$0.148, A\$0.163 and A\$0.178 per HTAL Share respectively. Such Option Exercise Prices represent a discount of approximately 4.5% to, and a premium of, approximately 5.2% and 14.8% respectively over the closing price of HTAL Share of A\$0.155 on 3 August 2007, being the date of the announcement by HTAL in relation to the Transactions.

DISCUSSION AND ANALYSIS

HTAL was originally a paging company but by the first half of 2007, 85.8% of its turnover was accounted for by H3GA, the HTAL Group's 3G business in Australia, and other activities are no longer material in our opinion to the future prospects of HTAL's overall business. The Transactions, of which the Option is an integral part, afforded HTAL the opportunity to acquire the balance of the issued share capital of H3GAH it did not own by increasing its own share capital in the first instance by only 10%. By acquiring 100% of H3GAH, HTAL was able to terminate the Australian Participants Agreement which imposed some restrictions on HTAL's full control over H3GAH and H3GA. In addition, on Completion, the Company realised a profit on deemed disposal of approximately HK\$900 million. This seems to us a sound basis for the acquisition of TE3G's 19.94% holding in H3GAH. The Transactions were considered to be in the best interests of HTAL by the board of directors of HTAL, including the non-executive directors. The relevant approvals were obtained from the independent shareholders of HTAL at the HTAL EGM and the Transactions were completed on 19 October 2007.

LETTER FROM SOMERLEY

The grant of the Option was an integral part of, and inter-conditional on, the other elements of the Transactions and consequently cannot be evaluated on a stand-alone basis. The Option gives TCNZ the opportunity to increase its interest in HTAL to 19.94%, giving it the same level of attributable interest in H3GAH (i.e. 19.94%) it owned prior to completion of the Placing and Top-up Subscription. TCNZ paid a price to HTAL for the grant of the Option in the form of a transfer of spectrum valued by HTAL by reference to the Black Scholes model at A\$13.89 million (approximately HK\$97 million). Black Scholes is an established and generally applicable valuation method which we consider to be appropriate for valuing the Option in the circumstances. The acquisition of this spectrum filled a gap in the HTAL Group's spectrum holding and enhances its competitive position.

On exercise of the Option, HTAL would receive from TCNZ new equity capital (depending on timing) of between A\$250-A\$300 million (approximately HK\$1,748 million to HK\$2,097 million), equivalent to between A\$0.148-A\$0.178 per HTAL Share assuming conversion of all the Option CPS. We consider this basis reasonable when combined with the spectrum received for the grant of the Option and the overall terms for the transfer of the 19.94% of H3GAH for the issue of 10% of HTAL Shares and HTAL CPS as referred to above. HTAL intends to deploy the proceeds of any exercise of the Option in the further development of its group's 3G business.

OPINION

Having taken into account the above principal factors and reasons, we consider the terms on which the Option, which is an integral part of the Transactions, was granted and on which the Option may be exercised to be on normal commercial terms and entered into in the ordinary and usual course of business of the HTAL Group. We further consider that the terms of the grant and exercise of the Option are fair and reasonable to the Independent Shareholders and in the interests of the Company and its shareholders as a whole.

The Company has obtained written approval for the Option Agreement from a closely allied group of shareholders of the Company comprising CKH and LKSCTC who, in aggregate held approximately 50.235% in nominal value of the securities having the right to attend and vote at any general meeting of the Company, and has applied for, and been granted, a waiver from the Stock Exchange to approve the Option Agreement by way of a written shareholders' approval in lieu of holding a general meeting of the Company. If a general meeting of the shareholders of the Company were to be held for the purpose of considering and, if thought fit, approving the Option Agreement, we would recommend the Independent Shareholders to vote in favour of a resolution to approve the Option Agreement.

Yours faithfully,
for and on behalf of
Somerley Limited

M. N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:

(a) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares and underlying shares of the Company

| Name of Director | Capacity | Nature of interests | Number of shares held | Number of underlying shares held | Total | Approximate % of shareholding |
|-------------------------|--|-------------------------|------------------------------|----------------------------------|---------------|-------------------------------|
| Li Ka-shing | (i) Founder of discretionary trusts | (i) Other interest | 2,141,698,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,198,425,774 | 51.5654% |
| | (ii) Interest of controlled corporations | (ii) Corporate interest | 48,577,000 ⁽³⁾ | - | | |
| Li Tzar Kuoi, Victor | (i) Beneficiary of trusts | (i) Other interest | 2,141,698,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,150,935,544 | 50.4515% |
| | (ii) Interest of controlled corporations | (ii) Corporate interest | 1,086,770 ⁽⁴⁾ | - | | |
| Fok Kin-ning, Canning | Interest of a controlled corporation | Corporate interest | 4,310,875 ⁽⁵⁾ | - | 4,310,875 | 0.1011% |
| Chow Woo Mo Fong, Susan | Beneficial owner | Personal interest | 150,000 | - | 150,000 | 0.0035% |
| Frank John Sixt | Beneficial owner | Personal interest | 50,000 | - | 50,000 | 0.0012% |
| Lai Kai Ming, Dominic | Beneficial owner | Personal interest | 50,000 | - | 50,000 | 0.0012% |

| Name of Director | Capacity | Nature of interests | Number of shares held | Number of underlying shares held | Approximate % of shareholding | |
|------------------------|--|------------------------|---------------------------|----------------------------------|-------------------------------|---------|
| | | | | | Total | |
| Kam Hing Lam | Beneficial owner | Personal interest | 60,000 | – | 60,000 | 0.0014% |
| Michael David Kadoorie | Founder, a beneficiary and/or a discretionary object of discretionary trust(s) | Other interest | 15,984,095 ⁽⁶⁾ | – | 15,984,095 | 0.3749% |
| Holger Kluge | Beneficial Owner | Personal interest | 40,000 | – | 40,000 | 0.0009% |
| George Colin Magnus | (i) Founder and beneficiary of a discretionary trust | (i) Other interest | 950,100 ⁽⁷⁾ | –))))) | | |
| | (ii) Beneficial owner | (ii) Personal interest | 40,000 | –)) | | |
| | (iii) Interest of spouse | (iii) Family interest | 9,900 | –)) | 1,000,000 | 0.0235% |
| William Shurniak | Beneficial owner | Personal interest | 165,000 | – | 165,000 | 0.0039% |

Short positions in the underlying shares of the Company

| Name of Director | Capacity | Nature of interests | Number of underlying shares held | Approximate % of shareholding |
|----------------------|---------------------------------|---------------------|----------------------------------|-------------------------------|
| Li Ka-shing | Founder of discretionary trusts | Other interest | 8,150,001 ⁽²⁾ | 0.1912% |
| Li Tzar Kuoi, Victor | Beneficiary of trusts | Other interest | 8,150,001 ⁽²⁾ | 0.1912% |

Notes:

(1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:

- (a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong independently without any reference to Unity Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").

Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, *inter alia*, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

- (2) The references to 8,150,001 underlying shares of the Company relate to the same block of underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.
- (3) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.
- (4) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (5) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.

- (6) *Such shares were ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.*
- (7) *Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.*

(b) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at the Latest Practicable Date, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) (a) 1,912,109,945 shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 shares were held by a wholly owned subsidiary of the Company and 5,428,000 shares were held by TUT1 as trustee of UT1; and
- (b) 2 underlying shares in CKI by virtue of the HK\$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong;
- (ii) 6,399,728,952 ordinary shares, representing approximately 71.51% of the then issued share capital, of Hutchison Harbour Ring Limited ("Hutchison Harbour Ring") which shares were held by certain wholly owned subsidiaries of the Company;
- (iii) 2,440,115,597 ordinary shares, representing approximately 51.04% of the then issued share capital, in Hutchison Telecommunications International Limited ("HTIL") of which 52,092,587 ordinary shares and 2,387,869,730 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3. In addition, according to the disclosures made to the Company pursuant to and solely for the purposes of the SFO, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor appeared to be taken as being interested in the 917,759,172 ordinary shares, representing approximately 19.20% of the then issued share capital, in HTIL beneficially owned by Orascom Telecom Eurasia Limited ("Orascom"), a substantial shareholder of HTIL and controlled exclusively by Orascom and Orascom Telecom Holding S.A.E. ("OTH"), another substantial shareholder of HTIL as a result of the application of Sections 317 and 318 of the SFO by virtue of the Company, one of the abovementioned wholly owned subsidiaries of the Company, OTH and Orascom being parties to a shareholders' agreement dated 21 December 2005 that imposes obligations or restrictions on any party with respect to their use, retention or disposal of their ordinary shares of HTIL even though no ordinary shares of HTIL have been acquired in pursuance of that agreement;
- (iv) 829,599,612 shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("HEH") which shares were held by certain wholly owned subsidiaries of CKI;

- (v) 1,429,024,545 shares, representing approximately 36.70% of the then issued share capital, in TOM Group Limited ("TOM Group") of which 476,341,182 shares and 952,683,363 shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;
- (vi) 293,618,956 common shares, representing approximately 34.59% of the then issued share capital, in Husky Energy Inc. ("Husky Energy") held by a wholly owned subsidiary of the Company; and
- (vii) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors, were deemed to be interested in 305,603,402 common shares, representing approximately 36.00% of the then issued share capital, in Husky Energy which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at the Latest Practicable Date, corporate interests in (a) 4,600 class C common shares, representing 46% of the then issued share capital, in Husky Oil Holdings Limited; and (b) 27,513,355 ordinary shares, representing approximately 0.58% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at the Latest Practicable Date, the following interests:

- (i) family interests in 151,000 shares, representing approximately 0.007% of the then issued share capital, in HEH held by his spouse; and
- (ii) corporate interests in (a) a nominal amount of US\$21,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US\$12,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; (c) a nominal amount of US\$8,000,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)"); (d) a nominal amount of US\$15,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); and (e) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at the Latest Practicable Date, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$2,500,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US\$2,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); (c) a nominal amount of US\$2,500,000 in the 5.45% Notes due 2010 issued by HWI(03/33); and (d) a nominal amount of US\$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33);
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in Hutchison Harbour Ring;

- (iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in HTAL comprising personal and corporate interests in 4,100,000 HTAL Shares and 1,000,000 HTAL Shares respectively;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTIL;
- (v) corporate interests in 200,000 common shares, representing approximately 0.02% of the then issued share capital, in Husky Energy; and
- (vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.14% of the then issued share capital, in Partner Communications Company Ltd. ("Partner Communications").

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in (i) 1,000,000 HTAL Shares, representing approximately 0.13% of the then issued share capital in HTAL; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in (i) 200,000 HTAL Shares, representing approximately 0.03% of the then issued share capital in HTAL; and (ii) 20,000 common shares and 4,808 unlisted and physically settled Deferred Share Units (each representing 1 common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky Energy.

Mr George Colin Magnus had, as at the Latest Practicable Date, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTIL comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) personal interests in 25,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.02% of the then issued share capital, in Partner Communications held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 3,996 common shares, representing approximately 0.0004% of the then issued share capital, in Husky Energy.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(a) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares and underlying shares of the Company

| Name | Capacity | Number of shares held | Number of underlying shares held | Total | Approximate % of shareholding |
|--|-------------------------------------|------------------------------|----------------------------------|---------------|-------------------------------|
| Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") | Trustee and beneficiary of a trust | 2,130,202,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,138,352,774 | 50.16% |
| Li Ka-Shing Unity Trustcorp Limited ("TDT2") | Trustee and beneficiary of a trust | 2,130,202,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,138,352,774 | 50.16% |
| Li Ka-Shing Unity Trustee Company Limited ("TUT1") | Trustee | 2,130,202,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,138,352,774 | 50.16% |
| Cheung Kong (Holdings) Limited ("Cheung Kong") | Interest of controlled corporations | 2,130,202,773 ⁽¹⁾ | 8,150,001 ⁽²⁾ | 2,138,352,774 | 50.16% |
| Continental Realty Limited | Beneficial owner | 465,265,969 ⁽³⁾ | – | 465,265,969 | 10.91% |

Short positions in the underlying shares of the Company

| Name | Capacity | Number of underlying shares held | Approximate % of shareholding |
|-------------|-------------------------------------|----------------------------------|-------------------------------|
| TDT1 | Trustee and beneficiary of a trust | 8,150,001 ⁽²⁾ | 0.19% |
| TDT2 | Trustee and beneficiary of a trust | 8,150,001 ⁽²⁾ | 0.19% |
| TUT1 | Trustee | 8,150,001 ⁽²⁾ | 0.19% |
| Cheung Kong | Interest of controlled corporations | 8,150,001 ⁽²⁾ | 0.19% |

(b) Interests and short positions of other persons in the shares and underlying shares of the Company*Long positions in the shares of the Company*

| Name | Capacity | Number of shares held | Approximate % of shareholding |
|-----------------------------|-------------------------------------|----------------------------|-------------------------------|
| Honourable Holdings Limited | Interest of controlled corporations | 322,942,375 ⁽³⁾ | 7.57% |
| Winbo Power Limited | Beneficial owner | 236,260,200 ⁽³⁾ | 5.54% |
| Polycourt Limited | Beneficial owner | 233,065,641 ⁽³⁾ | 5.47% |
| Well Karin Limited | Beneficial owner | 226,969,600 ⁽³⁾ | 5.32% |

Notes:

- (1) *The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Disclosure of Directors' Interests".*
- (2) *The references to 8,150,001 underlying shares of the Company relate to the same block of interest and short position in the underlying shares of the Company which were derived from the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong. By virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest and short position in the 8,150,001 underlying shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Disclosure of Directors' Interests".*
- (3) *These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.*

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company required to be disclosed pursuant to Listing Rule 8.10:

| Name of Director | Name of company | Nature of interest | Nature of competing business |
|-------------------------|---|---------------------------------------|--|
| Li Ka-shing | Cheung Kong | Chairman | – Property and hotels |
| | | | – Finance & investments and others |
| Li Tzar Kuoi, Victor | Cheung Kong | Managing Director and Deputy Chairman | – Property and hotels – Finance & investments and others |
| | CKI | Chairman | – Energy, infrastructure, finance & investments and others |
| | CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") | Chairman | – Retail (research and development, manufacture and sale of environmental and human health products) – Finance & investments and others |
| | HEH | Executive Director | – Energy |
| | Husky Energy | Co-Chairman | – Energy |
| Fok Kin-ning, Canning | Cheung Kong | Non-executive Director | – Property and hotels – Finance & investments and others |
| | CKI | Deputy Chairman | – Energy, infrastructure, finance & investments and others |
| | HEH | Chairman | – Energy |
| | Husky Energy | Co-Chairman | – Energy |
| | Hutchison Harbour Ring | Chairman | – Property |
| | HTAL | Chairman | – Telecommunications |
| | Partner Communications | Chairman | – Telecommunications |

| Name of Director | Name of company | Nature of interest | Nature of competing business |
|----------------------------|---------------------------|---------------------------|---|
| Chow Woo Mo Fong, Susan | CKI | Executive Director | – Energy, infrastructure, finance & investments and others |
| | HEH | Executive Director | – Energy |
| | Hutchison Harbour Ring | Executive Director | – Property |
| | HTAL | Director | – Telecommunications |
| | Partner Communications | Director | – Telecommunications |
| | TOM Group | Non-executive Director | – Telecommunications (E-commerce and general information portals and broadband content) |
| Frank John Sixt | Cheung Kong | Non-executive Director | – Property and hotels – Finance & investments and others |
| | CKI | Executive Director | – Energy, infrastructure, finance & investments and others |
| | HEH | Executive Director | – Energy |
| | Husky Energy | Director | – Energy |
| | HTAL | Director | – Telecommunications |
| | Partner Communications | Director | – Telecommunications |
| | TOM Group | Chairman | – Telecommunications (E-commerce and general information portals and broadband content) |
| Lai Kai Ming, Dominic | Hutchison Harbour Ring | Deputy Chairman | – Property |
| | HTAL | Director | – Telecommunications |

| Name of Director | Name of company | Nature of interest | Nature of competing business |
|-------------------------|----------------------------|---------------------------------------|--|
| Kam Hing Lam | Cheung Kong | Deputy Managing Director | – Property and hotels – Finance & investments and others |
| | CKI | Group Managing Director | – Energy, infrastructure, finance & investments and others |
| | CK Life Sciences | President and Chief Executive Officer | – Retail (research and development, manufacture and sale of environmental and human health products) – Finance & investments and others |
| | HEH | Executive Director | – Energy |
| | Spark Infrastructure Group | Non-executive Director | – Energy |
| George Colin Magnus | Cheung Kong | Non-executive Director | – Property and hotels – Finance & investments and others |
| | CKI | Non-executive Director | – Energy, infrastructure, finance & investments and others |
| | HEH | Non-executive Director | – Energy |
| William Shurniak | Husky Energy | Director and Deputy Chairman | – Energy |

As the board of Directors is independent of the boards of the above entities, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

As at the Latest Practicable Date, Mr Fok Kin-ning, Canning and Mr Frank John Sixt are non-executive directors of HTIL, a subsidiary of the Company which is engaged in telecommunications businesses, and Mrs Chow Woo Mo Fong, Susan is an alternate director to each of Mr Fok and Mr Sixt. The non-competition agreement entered into by the Company and HTIL on 24 September 2004 maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them.

The exclusive territory of the Group comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and, unless and until such time as HTIL and its subsidiaries (the "HTIL Group") exercises its option to acquire our Group's interest in Hutchison Telecommunications Argentina S.A., Argentina. The exclusive territory of the HTIL

Group was comprised of all the remaining countries of the world. In connection with the sale of CGP Investments (Holdings) Limited to Vodafone International Holdings B.V. ("Vodafone") completed in May 2007, HTIL agreed with Vodafone that for a period of three years from completion of the sale, the HTIL Group would not directly or indirectly carry on or become economically interested in, within India, any business carried on in competition with the business as carried on by Hutchison Essar Limited, including the provision of telecommunications services for voice, data or video and/or the establishment and operation or maintenance in India of related infrastructure, facilities or equipment. Specifically excluded from those restrictions, among other things, were operating call centre or data centre services, establishing, owning or leasing, and maintaining and operating, international telecommunications capacity of whatever transmission media outside India and up to any related landing points in India and providing India mobile roaming services to HTIL Group's international customers through agreements with telecommunications operators. There is no single country in which both groups have competing operations.

5. DIRECTORS' INTERESTS IN CONTRACTS/ASSETS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at such date and which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up).

7. QUALIFICATIONS AND CONSENT OF EXPERT

- (a) The following are the qualifications of the expert who has given its report, opinion or advice which are contained in this circular:

| Name | Qualifications |
|-------------|---|
| Sommerley | A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under SFO having CE registration number AAJ067 |

- (b) (i) As at the Latest Practicable Date, Somerley had no shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (ii) As at the Latest Practicable Date, Somerley had no interest, direct or indirect, in any assets which have, since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up), been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (iii) Somerley has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name included herein in the form and context in which it appears.

8. MISCELLANEOUS

- (a) The Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy, infrastructure, finance & investments and others; and telecommunications. The principal business focus of HTAL is to deliver third generation mobile communications and multimedia services to consumers in Australia and which business is currently conducted through H3GA.
- (b) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of this circular up to and including 13 November 2007, being the last day of a 14-day period commencing on the date of this circular:

- (1) Australian Participants Agreement;
- (2) Option Agreement;
- (3) Share Sale and Subscription Agreement;
- (4) Spectrum Assignment Deeds; and
- (5) Termination Agreement.