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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Hutchison Whampoa Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Hutchison Whampoa Limited**



*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 13)**

**PROPOSALS FOR  
SHARE OPTION SCHEME OF  
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED  
AND  
CONTINUING CONNECTED TRANSACTIONS  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



**SOMERLEY LIMITED**

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The notice convening the Extraordinary General Meeting of Hutchison Whampoa Limited to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 21 May 2009 at 12:20 p.m. (or as soon as the annual general meeting of the Company convened to be held on the same day at 12:00 noon shall have been concluded or adjourned) at which the above proposals will be considered is set out on pages 49 to 53 of this circular. Whether or not you are able to attend the meeting, please complete and return the relevant form of proxy as instructed as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting to the registered office of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

28 April 2009

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## **RESPONSIBILITY STATEMENT**

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This circular includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Group. 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.

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## DEFINITIONS

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*In this circular (except Appendix I), unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company convened to be held on Thursday, 21 May 2009 at 12:00 noon at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong, notice of which is set out on pages 17 to 19 of the circular dated 6 April 2009 issued by the Company, and any adjournment thereof;
“Articles of Association”	the Articles of Association of the Company;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“CCT Approval”	the approval to be sought from the Independent Shareholders at the EGM for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements and the proposed resolutions seeking the same;
“CCT Relevant Period”	the period from the obtaining of the CCT Approval until the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company;
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong, whose securities are listed on the Main Board of the Stock Exchange under Stock Code: 1, the controlling shareholder and a connected person of the Company;
“CKH Connected Debt Securities”	such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the CKH Connected Issuers pursuant to the CKH Master Agreement;
“CKH Connected Issuers”	the issuers of the CKH Connected Debt Securities, being CKH or any of its subsidiaries;
“CKH Master Agreement”	the master agreement dated 17 April 2009 and made between the Company and CKH setting out the basis upon which the CKH Connected Debt Securities may be issued by the CKH Connected Issuers and acquired by the Company or its wholly owned subsidiaries;

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## DEFINITIONS

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“CKH Net Connected Debt Securities Position”	the aggregate gross purchase price of CKH Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of CKH Connected Debt Securities to be sold, by the Connected Debt Securities Purchasers;
“Companies Ordinance”	the Companies Ordinance (Cap 32 of the Laws of Hong Kong);
“Company”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 13);
“Connected Debt Securities”	either CKH Connected Debt Securities or HSE Connected Debt Securities, as the context may require;
“Connected Debt Securities Purchaser”	the Company or any of its wholly owned subsidiaries which is designated as the purchaser of Connected Debt Securities as contemplated under either the CKH Master Agreement or the HSE Master Agreement, and “Connected Debt Securities Purchasers” shall be construed accordingly;
“Connected Issuer”	either a CKH Connected Issuer or an HSE Connected Issuer, as the case may be, and “Connected Issuers” shall be construed accordingly;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company convened to be held on Thursday, 21 May 2009 at 12:20 p.m. (or as soon as the AGM shall have been concluded or adjourned) at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong, notice of which is set out on pages 49 to 53 of this circular, and any adjournment thereof;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HSE”	Husky Energy Inc, a corporation incorporated under the laws of Alberta, Canada whose securities are listed on the Toronto Stock Exchange under the symbol HSE, and a connected person of the Company;

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## DEFINITIONS

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“HSE Connected Debt Securities”	such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the HSE Connected Issuers pursuant to the HSE Master Agreement;
“HSE Connected Issuers”	the issuers of the HSE Connected Debt Securities, being HSE or any of its subsidiaries;
“HSE Master Agreement”	the master agreement dated 17 April 2009 and made between the Company and HSE setting out the basis upon which the HSE Connected Debt Securities may be issued by the HSE Connected Issuers and acquired by the Company or its wholly owned subsidiaries;
“HSE Net Connected Debt Securities Position”	the aggregate gross purchase price of HSE Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of HSE Connected Debt Securities to be sold, by the Connected Debt Securities Purchasers;
“HTHKH”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands, and was, as at the Latest Practicable Date, an indirect wholly owned subsidiary of HTIL;
“HTHKH Listing Document”	the document issued on 20 April 2009 by HTHKH in connection with its proposed Listing by way of introduction;
“HTHKH Share(s)”	ordinary share(s) of par value HK\$0.25 each in the share capital of HTHKH;
“HTHKH Share Option Scheme”	the share option scheme of HTHKH, conditionally adopted by the directors of HTHKH on 6 April 2009 and conditionally approved and adopted by a resolution of the then sole shareholder of HTHKH passed on the same date and proposed to be approved by the Company at the EGM;
“HTIL”	Hutchison Telecommunications International Limited, a company incorporated in the Cayman Islands and owned as at the Latest Practicable Date as to approximately 60.4% by the Company, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2332) and American depository shares are listed on New York Stock Exchange, Inc (Ticker: HTX);
“Independent Board Committee”	an independent committee of the Board, comprising of all the Independent Non-executive Directors, namely, The Hon. Sir Michael David KADOORIE, Messrs. Holger KLUGE, OR Ching Fai, Raymond and WONG Chung Hin, established to provide a recommendation to the Independent Shareholders based on the advice from the Independent Financial Adviser in relation to the respective terms of the Master Agreements and the CCT Approval;

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## DEFINITIONS

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“Independent Financial Adviser” or “Somerley”	Somerley Limited, a corporation licensed to carry out business in 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, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the respective terms of the Master Agreements and the CCT Approval;
“Independent Shareholders”	in relation to a Master Agreement, Shareholders who do not have any material interests in such Master Agreement other than by virtue of their respective shareholdings in the Company;
“Latest Practicable Date”	23 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing”	the listing of, and permission to deal in, the HTHKH Shares in issue and any HTHKH Shares which may be issued pursuant to the exercise of options granted under the HTHKH Share Option Scheme, on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreements”	collectively the CKH Master Agreement and the HSE Master Agreement, and a “Master Agreement” shall be construed accordingly;
“Memorandum”	the Memorandum of Association of the Company;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Share(s)”	ordinary share(s) of par value HK\$0.25 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s); and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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## LETTER FROM THE BOARD

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# Hutchison Whampoa Limited



*(incorporated in Hong Kong with limited liability)*  
**(Stock Code: 13)**

**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

28 April 2009

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR  
SHARE OPTION SCHEME OF  
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED  
AND  
CONTINUING CONNECTED TRANSACTIONS  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The Company will propose at the EGM resolutions to (i) approve the HTHKH Share Option Scheme; and (ii) approve the entering into of the Master Agreements and grant the CCT Approval.

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the EGM and to give you notice of the EGM at which such resolutions will be proposed to consider and, if thought fit, approve such matters.

**HTHKH SHARE OPTION SCHEME**

On 20 April 2009, HTHKH issued the Listing Document in connection with its proposed Listing. As stated in the HTHKH Listing Document, its then sole shareholder approved and adopted on 6 April 2009 a share option scheme conditional on the Listing Committee granting approval for the Listing and subject to the Shareholders approving such adoption.



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## LETTER FROM THE BOARD

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A proposal is to be made at the EGM for approval of the HTHKH Share Option Scheme. Under the HTHKH Share Option Scheme, options to subscribe for HTHKH Shares may be offered and granted to employees and directors of HTHKH and its subsidiaries and other eligible participants specified therein.

The HTHKH Share Option Scheme does not contain any specific requirements for the minimum period which an option must be held before exercise or for performance targets applicable to options. The directors of HTHKH have retained the flexibility to impose such conditions if and when they consider appropriate. The directors of HTHKH also believe that the formulation in the HTHKH Share Option Scheme for setting the minimum subscription price for the HTHKH Shares will serve to protect the value of HTHKH as well as to achieve the purposes of the HTHKH Share Option Scheme.

In addition, the directors of HTHKH consider it important that HTHKH is equipped with the ability to offer such employees and personnel options to acquire equity interest in HTHKH as a reward and additional incentive for their contribution to the long term success of the business of HTHKH.

The Directors have considered and agreed with the views of the HTHKH directors that the HTHKH Share Option Scheme would enable HTHKH to attract and retain employees and other personnel having appropriate qualifications and experience. The adoption of the HTHKH Share Option Plan is subject to, and condition upon, the approval being obtained from the Shareholders.

As at the Latest Practicable Date, having made all reasonable enquiries, the Company was not aware of any Shareholder who is required under the Listing Rules to abstain from voting on the ordinary resolution to be proposed at the EGM to approve the HTHKH Share Option Scheme.

The principal terms of the HTHKH Share Option Scheme are set out in Appendix I to this circular.

### **CONTINUING CONNECTED TRANSACTIONS**

#### **Introduction**

On 17 April 2009, the Directors announced that the Company had entered into the CKH Master Agreement and the HSE Master Agreement pursuant to which the Company or its wholly owned subsidiaries may acquire the respective Connected Debt Securities issued by the respective Connected Issuers. The Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company, an associate of a substantial shareholder of the Company or an associate of a Director. The transactions underlying the CKH Master Agreement or the HSE Master Agreement will constitute continuing connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules if these transactions, on an aggregated basis, are in excess of the percentage ratios of the Company under the Listing Rules.

The purpose of this circular is to provide Shareholders with, amongst others, further details of the Master Agreements and to give notice of the EGM to Shareholders to consider and, if thought fit, to approve the entering into of the Master Agreements on the terms of the CCT Approval.

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## LETTER FROM THE BOARD

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### Master Agreements

(a) CKH Master Agreement

Parties: Company  
CKH

Date: 17 April 2009

Subject matter: The parties agree that the Company or its wholly owned subsidiaries may acquire in the secondary market the CKH Connected Debt Securities issued by the CKH Connected Issuers subject to (i) the Company obtaining all applicable approvals (including the CCT Approval, if applicable), and (ii) the entering into of separate contracts from time to time during the CCT Relevant Period in forms and on terms to be agreed between members of the Group and third parties (such as banks, debt securities dealers and institutional investors) who are independent of the Group. By entering into the CKH Master Agreement, no CKH Connected Issuer is under any obligation to issue, and none of the Company and its subsidiaries is under any obligation to acquire, any CKH Connected Debt Securities.

Pursuant to the CKH Master Agreement, any acquisition of the CKH Connected Debt Securities will be made on normal commercial terms including the consideration which will be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which will be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the CKH Connected Debt Securities and will be settled in accordance with such terms of the CKH Connected Issuers as may be applicable from time to time. For the other terms of the CKH Connected Debt Securities, they would have been determined by the relevant CKH Connected Issuers at the time such securities were first issued.

The cap applicable to the transactions contemplated under the CKH Master Agreement and effected during the CCT Relevant Period shall be subject to the limitations more particularly set out below.

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## LETTER FROM THE BOARD

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The limitations pursuant to which the CCT Approval is granted include the following:

- (i) the CKH Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
- (ii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position at any time during the CCT Relevant Period shall not exceed HK\$16,380 million being approximately 20% of the Company's "net liquid assets" as at 31 December 2008 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date; The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser;
- (iii) the CKH Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding CKH Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and in all cases the CKH Connected Debt Securities shall be acquired by the Company or any of its wholly owned subsidiaries only from the secondary market and on normal commercial terms arrived at after arm's length negotiations;
- (iv) the CKH Connected Debt Securities shall be of at least investment grade or its equivalent;
- (v) the CKH Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;

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## LETTER FROM THE BOARD

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- (vi) the CKH Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed acquisition of CKH Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and
- (vii) the CKH Connected Debt Securities shall have maturity not in excess of 15 years.

Term: The term of the CKH Master Agreement is for the duration of the CCT Relevant Period, unless terminated earlier in accordance with the CKH Master Agreement.

(b) HSE Master Agreement

Parties: Company  
HSE

Date: 17 April 2009

Subject matter: The parties agree that the Company or its wholly owned subsidiaries may acquire in the secondary market the HSE Connected Debt Securities issued by the HSE Connected Issuers subject to (i) the Company obtaining all applicable approvals (including the CCT Approval, if applicable), and (ii) the entering into of separate contracts from time to time during the CCT Relevant Period in forms and on terms to be agreed between members of the Group and third parties (such as banks, debt securities dealers and institutional investors) who are independent of the Group. By entering into the HSE Master Agreement, no HSE Connected Issuer is under any obligation to issue, and none of the Company and its subsidiaries is under any obligation to acquire, any HSE Connected Debt Securities.

Pursuant to the HSE Master Agreement, any acquisition of the HSE Connected Debt Securities will be made on normal commercial terms including the consideration which will be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which will be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the HSE Connected Debt Securities and will be settled in accordance with such terms of the HSE Connected Issuers as may be applicable from time to time. For the other terms of the HSE Connected Debt Securities, they would have been determined by the relevant HSE Connected Issuers at the time such securities were first issued.

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## LETTER FROM THE BOARD

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The cap applicable to the transactions contemplated under the HSE Master Agreement and effected during the CCT Relevant Period shall be subject to the limitations more particularly set out below.

The limitations pursuant to which the CCT Approval is granted include the following:

- (i) the HSE Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
- (ii) the aggregate amount of the HSE Net Connected Debt Securities Position and the CKH Net Connected Debt Securities Position at any time during the CCT Relevant Period shall not exceed HK\$16,380 million being approximately 20% of the Company's "net liquid assets" as at 31 December 2008 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date; The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser;
- (iii) the HSE Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding HSE Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and in all cases the HSE Connected Debt Securities shall be acquired by the Company or any of its wholly owned subsidiaries only from the secondary market and on normal commercial terms arrived at after arm's length negotiations;
- (iv) the HSE Connected Debt Securities shall be of at least investment grade or its equivalent;

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## LETTER FROM THE BOARD

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- (v) the HSE Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;
- (vi) the HSE Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed acquisition of HSE Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and
- (vii) the HSE Connected Debt Securities shall have maturity not in excess of 15 years.

Term: The term of the HSE Master Agreement is for the duration of the CCT Relevant Period, unless terminated earlier in accordance with the HSE Master Agreement.

### **Reasons for, and benefits of, the Continuing Connected Transactions**

It is one of the core businesses of the Group to be engaged in finance and investments activities and the Group has consistently applied conservative treasury policies in its cash and financial management. With a sharp slowdown in the global economy, the onset of the most challenging environment in recent times with growth slowing in most markets and many of the world's major economies in recession and the unprecedented downturn in the performance of the banking industry globally, the returns available on surplus liquidity have been low. In reviewing the Group's investment and treasury strategy, the possibility of investing in longer dated instruments, particularly corporate bonds of good quality is considered. The Directors consider it prudent and in the interest of the Company and the Shareholders as a whole to have the flexibility of being able to invest in debt securities issued by corporations which may be classified as connected persons of the Company, as among other things, the Directors are more familiar with the business, management and credit standing of such companies than they would normally be for arms' length companies. As it would be imprudent to put all or even a majority of Group's liquidity into such debt securities, protections and limitations are proposed in the Master Agreements and in the resolutions for the CCT Approval to be sought from the Independent Shareholders with a view to setting a sound framework for a liquidity investment policy applicable to Connected Debt Securities which may be acquired in the CCT Relevant Period which should improve the Group's returns while keeping increased risks within prudent limits.

### **Listing Rules Implications**

The Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company, an associate of a substantial shareholder of the Company or an associate of a Director. The transactions underlying the CKH Master Agreement or the HSE Master Agreement will constitute continuing connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules if these transactions, on an aggregated basis, are in excess of the percentage ratios of the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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By virtue of their respective interests in the Master Agreements, CKH, Messrs Li Ka-shing and Li Tzar Kuoi, Victor and their respective associates will abstain from voting at the EGM on the relevant resolution proposed to be passed to approve the relevant Master Agreement and grant the CCT Approval. As at the Latest Practicable Date, CKH and its associates were together interested in 2,130,202,773 Shares (representing approximately 49.97% of the voting rights of the Company), whilst Messrs Li and their respective associates were together interested in 2,191,962,543 Shares (representing approximately 51.41% of the voting rights of the Company). The votes of the Independent Shareholders at the EGM will be taken by poll.

Any acquisition of Connected Debt Securities will also constitute a “transaction” within the meaning ascribed to that term in Listing Rule 14.04(1)(a). The Company will comply with any applicable and outstanding requirements prescribed by the Listing Rules prevailing at the time on any acquisition of Connected Debt Securities made pursuant to and in accordance with the respective Master Agreements.

### **Additional Information**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on in Appendix II to this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the respective terms of the Master Agreements and the CCT Approval; and (ii) the letter from the Independent Financial Adviser set out in Appendix III to this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the respective terms of the Master Agreements and the CCT Approval. Your attention is also drawn to the additional information set out in Appendix IV to this circular.

### **EGM**

Notice convening the EGM is set out on pages 49 to 53 of this circular. Form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete the form of proxy as instructed and sign and return the same to the Company Secretary at the registered office of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. You can still attend and vote in person at the EGM even if you have completed and sent in the proxy form.

Pursuant to Article 58 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of the meeting; or
- (ii) not less than five members present in person or by proxy and entitled to vote; or
- (iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

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## LETTER FROM THE BOARD

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Pursuant to Listing Rule 13.39(4), any vote of shareholders at a general meeting must be taken by poll. The Chairman of the EGM will exercise his power under Article 58 of the Articles of Association to put each of the resolutions to be proposed at the EGM to a vote by way of poll.

### **RECOMMENDATION**

The Board believes that the HTHKH Share Option Scheme is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the ordinary resolution to approve the HTHKH Share Option Scheme to be proposed at the EGM.

The Board (other than the Director(s) who has or have material interest in the relevant Master Agreement(s) and has or have accordingly abstained from voting on such matter but including the Independent Non-executive Directors having regard to the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders) considers the terms of the Master Agreements and the CCT Approval to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board is also of the view that any acquisition of Connected Debt Securities made as contemplated in and subject to the terms of the Master Agreements will be on normal commercial terms. The Independent Board Committee has been established to give a recommendation to the Independent Shareholders based on the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Master Agreements and the CCT Approval. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the respective terms of the Master Agreements and the CCT Approval. The Independent Board Committee, having taken into account the respective terms of the Master Agreements and the CCT Approval and the advice of Somerley, considers the terms of the Master Agreements and the CCT Approval to be fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommends that you vote in favour of the ordinary resolutions to approve the entering into of the Master Agreements and grant the CCT Approval to be proposed at the EGM.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the HTHKH Share Option Scheme and the Master Agreements will be available for inspection by Shareholders at the Company's registered office at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong from 9:00 a.m. to 5:00 p.m. on any weekday (Saturdays and public holidays excepted) for a period of 14 days from the date of this circular.

Yours faithfully  
For and on behalf of the Board

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



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**APPENDIX I                      PRINCIPAL TERMS OF THE HTHKH SHARE OPTION SCHEME**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Companies Law”	the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Distribution”	the interim dividend by Hutchison Telecommunications International Limited (“HTIL”) to be satisfied by way of a distribution in specie of the entire issued share capital of HTHKH to certain HTIL qualifying shareholders, subject to the satisfaction of the prescribed condition;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HTHKH”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability;
“HTHKH Articles of Association”	the articles of association of HTHKH, as amended from time to time;
“HTHKH Board”	the board of HTHKH Directors;
“HTHKH Director(s)”	the director(s) of HTHKH for the time being or a duly authorised committee thereof;
“HTHKH Group”	HTHKH and its Subsidiaries;
“HTHKH Share(s)”	ordinary share(s) in the capital of HTHKH with a nominal value of HK\$0.25 each, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of HTHKH, shares forming part of the ordinary equity share capital of HTHKH of such other nominal amount as shall result from any such subdivision, consolidation, reclassification or reconstruction;
“HTHKH Shareholder(s)”	holder(s) of the HTHKH Share(s);
“HTHKH Share Option Scheme”	the share option scheme of HTHKH proposed to be approved by the shareholders of HWL at its general meeting;

“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 13);
“Latest Practicable Date”	23 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing”	the listing of, and permission to deal in, the HTHKH Shares in issue and any HTHKH Shares which may be issued pursuant to the exercise of the options granted under the HTHKH Share Option Scheme, on the Main Board of the Stock Exchange;
“Listing Date”	the date on which HTHKH Shares are to be first listed and from which dealings therein were permitted to take place on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Subsidiaries”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of HTHKH, whether incorporated in Hong Kong, the Cayman Islands or elsewhere.

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## **APPENDIX I                      PRINCIPAL TERMS OF THE HTHKH SHARE OPTION SCHEME**

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The following is a summary of the principal terms of the HTHKH Share Option Scheme.

### **(i) Purpose of the HTHKH Share Option Scheme**

The purpose of the HTHKH Share Option Scheme is to enable the HTHKH Group to grant options to selected participants as incentives or rewards for their contribution to the HTHKH Group, to continue and/or render improved service with the HTHKH Group and/or to establish a stronger business relationship between the HTHKH Group and such participants.

### **(ii) Who may join**

The HTHKH Directors, may at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for HTHKH Shares:

- (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) (the “Eligible Employee”) of HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the “Invested Entity”);
- (b) any non-executive directors (including independent non-executive directors) of HTHKH, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the HTHKH Group or any Invested Entity;
- (d) any customer of any member of the HTHKH Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HTHKH Group or any Invested Entity;
- (f) any shareholder of any member of the HTHKH Group or any Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any Invested Entity;
- (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTHKH Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any options by HTHKH for the subscription of HTHKH Shares or other securities of the HTHKH Group to any person who falls within any of the above classes of participants shall not, by itself, unless the HTHKH Directors otherwise determine, be construed as a grant of option under the HTHKH Share Option Scheme.

The eligibility of any of the above classes of participants to an offer for the grant of any options shall be determined by the HTHKH Directors from time to time on the basis of their contribution to the development and growth of the HTHKH Group.

**(iii) Number of HTHKH Shares**

- (a) The maximum number of HTHKH Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the HTHKH Share Option Scheme and any other share option scheme adopted by the HTHKH Group must not in aggregate exceed 30% of the relevant class of securities of HTHKH (or its subsidiaries) in issue from time to time.
- (b) The total number of HTHKH Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group) to be granted under the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue as at the Listing Date (the “General Scheme Limit”).

Based on the number of HTHKH Shares in issue prior to the Distribution, the General Scheme Limit of HTHKH Share Option Scheme will be 481,434,620 HTHKH Shares.

- (c) Subject to sub-paragraph (iii)(a) above and without prejudice to sub-paragraph (iii)(d) below, HTHKH may seek approval of the HTHKH Shareholders in general meeting to refresh the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all options to be granted under the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group must not exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group previously granted under the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group) will not be counted.
- (d) Subject to sub-paragraph (iii)(a) above and without prejudice to sub-paragraph (iii)(c) above, HTHKH may seek separate approval of the HTHKH Shareholders in general meeting to grant options under the HTHKH Share Option Scheme beyond the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in sub-paragraph (iii)(c) above to participants specifically identified by HTHKH before such approval is sought.

**(iv) Maximum entitlement of each participant**

Subject to sub-paragraph (v) below, the total number of HTHKH Shares issued and which may fall to be issued upon the exercise of the options granted under the HTHKH Share Option Scheme and any other share option scheme of the HTHKH Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of HTHKH for the time being (the “Individual Limit”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HTHKH Shareholders in general meeting (a circular containing the information required by the Listing Rules to be despatched to HTHKH Shareholders for that purpose) with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted (and options previously granted to such

participant) must be fixed before the approval of the HTHKH Shareholders and the date of meeting of the HTHKH Directors proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Listing Rule 17.03(9).

**(v) Grant of options to connected persons**

- (a) Any grant of options under the HTHKH Share Option Scheme to a HTHKH Director, chief executive or substantial shareholder of HTHKH or any of their respective associates must be approved by the independent non-executive HTHKH Directors (excluding any independent non-executive HTHKH Director who or whose associate is also the grantee of the options).
- (b) Where any grant of options to a substantial shareholder or an independent non-executive HTHKH Director, or any of their respective associates, would result in the HTHKH Shares issued and to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - (aa) representing in aggregate over 0.1% of the HTHKH Shares in issue; and
  - (bb) having an aggregate value, based on the closing price of the HTHKH Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the HTHKH Shareholders in general meeting. HTHKH must send a circular to the HTHKH Shareholders containing the information required under the Listing Rules. All connected persons of HTHKH must abstain from voting in favour at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll in accordance with the Listing Rules. Any change in the terms of options granted to a substantial HTHKH Shareholder or an independent non-executive HTHKH Director, or any of their respective associates, must be approved by the HTHKH Shareholders in general meeting.

**(vi) Time of acceptance and exercise of option**

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the HTHKH Share Option Scheme at any time during a period to be determined on the date of offer of grant of the option and notified by the HTHKH Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date on which such option is deemed to have been granted but shall end in any event not later than 10 years from the date on which the offer for grant of the option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the HTHKH Directors and stated in the offer of the grant of the options to a grantee, there is no minimum period required under the HTHKH Share Option Scheme for the holding of an option before it can be exercised.

**(vii) Performance targets**

Unless the HTHKH Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the HTHKH Share Option Scheme can be exercised. No performance targets are specifically stipulated under the HTHKH Share Option Scheme.

**(viii) Subscription price for HTHKH Shares**

The subscription price for HTHKH Shares under the HTHKH Share Option Scheme shall be a price determined by the HTHKH Directors but shall not be less than the highest of (i) the closing price of HTHKH Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTHKH Shares on the date of the offer of grant of the options which must be a Business Day, (ii) the average closing price of the HTHKH Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTHKH Shares for the five Business Days immediately preceding the date of the offer of grant of the options which must be a Business Day and (iii) the nominal value of a HTHKH Share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

**(ix) Ranking of HTHKH Shares**

- (a) HTHKH Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the HTHKH Articles of Association and will, subject to the completion of the registration referred to below, rank *pari passu* in all respects with the fully paid HTHKH Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when register of members of HTHKH is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A HTHKH Share allotted and issued upon the exercise of an option shall not carry voting rights until completion of the registration of the grantee as the holder thereof.
- (b) Unless the context otherwise requires, references to "HTHKH Shares" in this paragraph include references to shares in the ordinary equity share capital of HTHKH of such nominal amount as shall result from a sub-division, consolidation, reclassification or reduction of the share capital of HTHKH from time to time.

**(x) Restrictions on the time of offer for the grant of options**

- (a) No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the HTHKH Directors (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of HTHKH's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules), and (bb) the last date on which HTHKH must publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of such results, no offer for the grant of options may be granted.

- (b) The HTHKH Directors may not make any offer for the grant of options to a participant who is a HTHKH Director during the periods or times in which the HTHKH Directors are prohibited from dealing in HTHKH Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by HTHKH.

**(xi) Period of the HTHKH Share Option Scheme**

The HTHKH Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the HTHKH Share Option Scheme becomes unconditional.

**(xii) Rights on ceasing employment**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, then, any outstanding offer of an option which has not been accepted in accordance with the terms of the HTHKH Share Option Scheme and any option which has not then become exercisable will lapse and the grantee may exercise the option (to the extent not already been exercised) in whole or in part within a period of 30 days or such longer period as the HTHKH Directors may determine following the date of such cessation. The date of cessation of service will be taken to be the last day on which the grantee was at work with the HTHKH Group or the Invested Entity whether salary is paid in lieu of notice or not.

**(xiii) Rights on death, ill-health or retirement**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full then, any outstanding offer of an option which has not been accepted in accordance with the terms of the HTHKH Share Option Scheme and any option which has not then become exercisable will lapse and, his personal representative(s), or, as appropriate, the grantee may exercise any option which has then become exercisable (to the extent not already been exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the HTHKH Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the HTHKH Directors may determine.

**(xiv) Rights on dismissal**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the HTHKH Directors does not bring the grantee or the HTHKH Group or the Invested Entity into disrepute), or on any ground which his employer would be entitled to terminate his contract of employment by summary dismissal, then unless the HTHKH Directors otherwise resolve in their absolute discretion, his option will lapse automatically and will not in any event be exercisable on or after the date of ceasing to be an Eligible Employee.

**(xv) Rights on breach of contract**

If the HTHKH Directors shall at their absolute discretion determine that (i) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the HTHKH Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; and (ii) the option shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the HTHKH Directors have so determined.

**(xvi) Rights on a general offer or a scheme of arrangement**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or otherwise in like manner is made to all the holders of HTHKH Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror or if there is proposed a scheme of arrangement, HTHKH shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, with appropriate changes; and assuming that they will become, by the exercise in full of the options granted to them (whether or not they have then become exercisable), HTHKH Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the HTHKH Shareholders, a grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to HTHKH in exercise of his option at any time up to the close of such offer (or any revised offer) or the record date for entitlements under a scheme of arrangement. Subject to the above, an option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes or the record date for entitlements under a scheme of arrangement.

**(xvii) Rights on winding-up**

In the event of an effective resolution being proposed for the voluntary winding-up of HTHKH during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to HTHKH at any time prior to the date on which such resolution is passed exercise his vested option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the HTHKH Share Option Scheme and shall accordingly be entitled, in respect of the HTHKH Shares falling to be allotted and issued upon the exercise of his vested option, to participate in the distribution of the assets of HTHKH available in liquidation *pari passu* with the HTHKH Shares in issue on the day prior to the date of such resolution.

**(xviii) Adjustments to the subscription price**

In the event of any alteration in the capital structure of HTHKH whilst any option remains exercisable or the HTHKH Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue of securities to holders of the HTHKH Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of HTHKH, but excluding options under the HTHKH Share Option Scheme and options under any other similar share option scheme of the HTHKH Group), consolidation, sub-division or reduction of the share capital of HTHKH (the issue of HTHKH Shares or other securities of the HTHKH Group as consideration in a



transaction may not be regarded as a circumstance requiring adjustment), such corresponding alterations (if any) will be made to (a) the number or nominal amount of HTHKH Shares to which the HTHKH Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised), (b) the exercise price of any option, (c) (unless the relevant grantee elects to waive such adjustment) the number of HTHKH Shares comprised in an option or which remain comprised in an option, (d) the method of exercise of any option and/or (e) the maximum number of HTHKH Shares referred to in sub-paragraph (iii) above, provided that (aa) any such adjustment shall give a grantee the same proportion of the issued share capital of HTHKH to which he would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment, (bb) any such adjustment shall be made on the basis that the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event and (cc) no such adjustment shall be made the effect of which would be to enable a HTHKH Share to be allotted and issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, the auditors or independent financial adviser must confirm to the HTHKH Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

Upon distribution by HTHKH to holders of the HTHKH Shares of any cash (other than dividends in the ordinary course), HTHKH shall make a downward adjustment to the exercise price of any option granted but not exercised as at the date of such distribution by an amount which the HTHKH Directors consider as reflecting the impact such distribution will have or will be likely to have on the trading price of the HTHKH Shares provided that (i) the HTHKH Directors' determination of any adjustments shall be final and binding on all grantees of options, (ii) the amount of adjustment shall not exceed the amount of such cash distribution to be made to holders of the HTHKH Shares, (iii) such adjustment shall take effect on the date of payment by HTHKH of such distribution, (iv) any adjustment provided for in this paragraph shall be cumulative to any other adjustments contemplated under the HTHKH Share Option Scheme or approved by the HTHKH Shareholders in general meeting and (v) the adjusted exercise price shall not, in any case, be less than the nominal value of the HTHKH Shares.

**(xix) Cancellation of options**

Subject to sub-paragraph (xxi) below, any option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the HTHKH Directors at their absolute discretion.

**(xx) Termination of the HTHKH Share Option Scheme**

HTHKH may by resolution at general meeting at any time terminate the operation of the HTHKH Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the HTHKH Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the HTHKH Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the HTHKH Share Option Scheme.

**(xxi) Rights are personal to the grantee**

An option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do except for the transmission of an option on the death of a grantee to his personal representative(s). Any breach of the foregoing by a grantee shall entitle HTHKH to cancel any option granted to such grantee to the extent not already exercised.

**(xxii) Lapse of option**

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period referred to in sub-paragraph (vi) above;
- (b) the expiry of the periods or dates referred to in sub-paragraphs (xii), (xiii), (xiv), (xv), (xvi) and (xvii) above; and
- (c) the date on which the HTHKH Directors shall exercise HTHKH's right to cancel the option by reason of a breach of sub-paragraph (xxi) above by the grantee of an option in respect of that or any other option.

**(xxiii) Miscellaneous**

- (a) Application has been made to the Stock Exchange for approval of the listing of, and permission to deal in, 481,434,620 HTHKH Shares to be allotted and issued by HTHKH in accordance with the terms and conditions of the HTHKH Share Option Scheme (such number of HTHKH Shares being equal to the General Scheme Limit referred to above in sub-paragraph (iii)(b) above).
- (b) The HTHKH Share Option Scheme is conditional upon (aa) the approval referred to in sub-paragraph (xxiii)(a) above being granted and the commencement of dealing in the HTHKH Shares on the Stock Exchange, (bb) the passing of the necessary resolution to approve and adopt the HTHKH Share Option Scheme in general meeting or by way of written resolution of the HTHKH Shareholder(s) and (cc) the passing of the necessary resolution to approve the HTHKH Share Option Scheme in general meeting of the shareholders of HWL.
- (c) The provisions of the HTHKH Share Option Scheme relating to (aa) the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date" and (bb) the matters set out in Listing Rule 17.03 shall not be altered to the advantage of grantees of the options except with the prior approval of the HTHKH Shareholders in general meeting.
- (d) Subject to sub-paragraph (xxiii)(f) below, any alterations to the terms and conditions of the HTHKH Share Option Scheme which are of a material nature shall be approved by the HTHKH Shareholders, except where the alterations take effect automatically under the existing terms of the HTHKH Share Option Scheme.
- (e) Amended terms of the HTHKH Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

- (f) Any change to the authority of the HTHKH Directors or the administrators of the HTHKH Share Option Scheme in relation to any alteration to the terms of the HTHKH Share Option Scheme shall be approved by the HTHKH Shareholders in general meeting.
- (g) Where the terms of the HTHKH Share Option Scheme require any matters to be approved by the HTHKH Shareholders or independent non-executive HTHKH Directors, such matters must simultaneously be approved by the shareholders or independent non-executive directors of HWL where such approval by the shareholders or independent non-executive directors of HWL is required under Chapter 17 of the Listing Rules.
- (h) As at the Latest Practicable Date, no options had been granted or agreed to be granted by HTHKH under the HTHKH Share Option Scheme.

# Hutchison Whampoa Limited



*(incorporated in Hong Kong with limited liability)*  
**(Stock Code: 13)**

28 April 2009

To the Independent Shareholders

Dear Sir or Madam

## **CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company to the Shareholders dated 28 April 2009 (the “Circular”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Independent Board Committee has been established to give a recommendation to the Independent Shareholders in respect of the respective terms of the Master Agreements. Somerley has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in connection with the respective terms of the Master Agreements and the CCT Approval. Details of the advice, together with the principal facts and reasons taken into consideration in arriving at such advice, are set out in their letter on pages 26 to 36 of the Circular.

Your attention is drawn to the section entitled “Continuing Connected Transactions” in the “Letter from the Board” set out on pages 6 to 12 of the Circular.

Having taken into account the respective terms of the Master Agreements and the advice of Somerley, we consider the Master Agreements and the CCT Approval sought to be on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully

**The Independent Board Committee**

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

*The following is the text of 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

28 April 2009

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS****INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed granting of the approval for the acquisitions of Connected Debt Securities, details of which are set out in the circular to the Shareholders dated 28 April 2009 (the "Circular"), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The CCT Approval will allow the Group to acquire bonds, notes, commercial paper or other similar debt instruments issued or to be issued by CKH or HSE or any of their respective subsidiaries subject to the cap ("Cap") applicable to the transactions contemplated under the Master Agreements and certain limitations as set out below. The Connected Issuers are connected persons of the Company under the Listing Rules by virtue of being either a substantial shareholder of the Company, an associate of a substantial Shareholder or an associate of a Director. The transactions governed by the Master Agreements will constitute continuing connected transactions for the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules. CKH, Messrs Li Ka-shing and Li Tzar Kuoi, Victor and their respective associates will abstain from voting on the relevant resolution (to be taken by poll) to be proposed at the EGM to approve the relevant Master Agreement and grant the CCT Approval. CKH, together with its associates, are in aggregate interested in 2,130,202,773 Shares (representing approximately 49.97% of the voting rights of the Company). Messrs Li and their respective associates are together interested in 2,191,962,543 Shares (representing approximately 51.41% of the voting rights of the Company).

The Independent Board Committee, comprising all the Independent Non-executive Directors, namely, The Hon. Sir Michael David KADOORIE, Messrs Holger KLUGE, OR Ching Fai, Raymond and WONG Chung Hin, has been established to give an opinion to the Independent Shareholders as to whether the respective terms of the Master Agreements and the CCT Approval (including the Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Somerley, being independent from the Company and its connected persons, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the date of the Circular and will continue to be true, accurate and complete up to the time of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business, affairs or financial position of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation on the respective terms of the Master Agreements and the CCT Approval (including the Cap), we have taken the following principal factors and reasons into consideration:

#### **1. Background to and reasons for the Master Agreements and CCT Approval**

The CCT Approval gives the Directors flexibility to approve the acquisitions of Connected Debt Securities which would otherwise require prior approval of the Independent Shareholders at a general meeting and will also avoid repeating the same disclosure requirements each time Connected Debt Securities are acquired. By entering into the Master Agreements, no Connected Issuer is under any obligation to issue, and none of the Company and its subsidiaries is under any obligation to acquire, any Connected Debt Securities.

Finance and investment activities are one of the Group's principal businesses. For the year ended 31 December 2008, it recorded segmental earnings before interest expense and tax of HK\$6,467 million. The Group has adopted conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funding, the Group's treasury activities are centralised.

Returns on the Group's surplus liquidity have been low amid the global economic downturn. The Board believes investment in longer dated instruments of good quality could be an attractive alternative. In fact, the Group has a long history of investing in corporate bonds. The Directors consider it prudent to invest in debt securities issued by corporations which are well known to the Group in terms of their business, management and credit standing. Acquisitions of Connected Debt Securities contemplated under the Master Agreements will widen the range of potential investments in companies well known to the Group.

As disclosed in the Company's annual report for the year ended 31 December 2008, the Group operates a central cash management system for all of its unlisted subsidiaries, except for listed and certain overseas entities conducting business in non-HK or non-US dollar currencies. As at 31 December 2008, the Group had liquid assets of approximately HK\$88,021 million comprising cash and cash equivalents of HK\$57,286 million (65%) and liquid funds and other listed investments of HK\$30,735 million (35%). 71% of the total cash and cash equivalents amounting to HK\$40,451 million was placed as short-term bank deposits. Among the remaining 35% liquid assets, 29% was US Treasury notes and listed fixed income securities, 5% was listed equity securities and 1% was long-term deposits and others. The US Treasury notes and listed fixed income securities, including those held under managed funds, consisted of supranational notes (27%), government guaranteed

notes (25%), financial institutions issued notes (21%), government related entities issued notes (17%) and US Treasury notes (10%). 73% of the US Treasury notes and listed fixed income securities are rated at Aaa/AAA with an average maturity of less than one year on the overall portfolio. Of the liquid assets, 13% were denominated in HK dollars, 48% in US dollars, 14% in Euro, 10% in Renminbi, 5% in British pounds and 10% in other currencies.

The US Treasury notes and listed fixed income securities bore interest rates ranging from 2.625% to 7.375% per annum. Owing to the global financial crisis, the Group recorded a decrease in fair value on listed equity securities of HK\$2,837 million.

## 2. Liquidity of the Group

The following is a summary of the Group's financial position based on its audited consolidated balance sheet as at 31 December 2008:

	<b>As at 31 December 2008</b> <i>(HK\$ millions)</i>
<b>Non-current assets</b>	
Fixed assets	173,246
Associated companies	76,478
Telecommunications licences	72,175
Interests in joint ventures	45,865
Investment properties	41,282
Leasehold land	34,745
Liquid funds and other listed investments	30,735
Goodwill	30,318
Other non-current assets	44,660
	549,504
<b>Current assets</b>	
Cash and cash equivalents	57,286
Trade and other receivables	54,767
Inventories	18,528
	130,581
<b>Total assets</b>	680,085

	<b>As at 31 December 2008</b> <i>(HK\$ millions)</i>
<b>Non-current liabilities</b>	
Bank and other debts	234,141
Interest bearing loans from minority shareholders	13,348
Other non-current liabilities	<u>20,743</u>
	<u>268,232</u>
<b>Current liabilities</b>	
Trade and other payables	82,497
Bank and other debts	23,945
Current tax liabilities	<u>1,275</u>
	<u>107,717</u>
<b>Total liabilities</b>	<u><u>375,949</u></u>
<b>Net assets</b>	<u><u>304,136</u></u>
Total Shareholders' funds	271,576
Minority interests	<u>32,560</u>
<b>Total equity</b>	<u><u>304,136</u></u>

As at 31 December 2008, the Group had total assets of HK\$680,085 million, with fixed assets of HK\$173,246 million (accounting for 25.5%), associated companies of HK\$76,478 million (accounting for 11.2%), telecommunications licences of HK\$72,175 million (accounting for 10.6%), cash and cash equivalents of HK\$57,286 million (accounting for 8.4%), trade and other receivables of HK\$54,767 million (accounting for 8.1%) and liquid funds and other listed investments of HK\$30,735 million (accounting for 4.5%).

The Group had total principal amount of bank and other debts of HK\$253,884 million with a weighted average cost of debt of 5.2%. Out of the total borrowings, 9% were repayable in 2009, 64% were repayable between 2010 and 2013 and 27% repayable beyond 2013. There were principal bank and other loans of HK\$119,857 million and principal notes and bonds of HK\$134,027 million with interest ranging from 0.5% to 9.5% per annum. The interest bearing loans from minority shareholders of HK\$13,348 million were viewed as quasi-equity.

As at 31 December 2008, the Group had total equity of HK\$304,136 million and consolidated net debt, excluding loans from minority shareholders which are viewed as quasi-equity, of HK\$165,863 million. The Group's net debt to net total capital ratio was 34%. The Group's long term credit ratings were "A3" from Moody's, "A-" from Standard & Poor's and "A-" from Fitch.



In November 2008, the Group entered into a facility agreement, pursuant to which the Group agreed to make available to HTIL a facility line of a maximum aggregate amount of US\$2,500 million (approximately HK\$19,376 million) until November 2011. The Company received a special cash dividend of approximately HK\$20 billion from HTIL in December 2008.

### 3. Protections and limitations

In order to ensure that only a prudent proportion of the Group's liquidity is committed to Connected Debt Securities and to limit the risk of such securities themselves, certain protections and limitations are set out in the "Letter from the Board" and the ordinary resolutions to be proposed at the EGM. These are in summary:

- (1) The amount invested into any one particular issue of Connected Debt Securities will not exceed 20% of that issue (aggregated if applicable with outstanding Connected Debt Securities of the same issuer with the same or a shorter maturity).

The purpose of this limit is to avoid undue concentration in a single issue (taking into account similar or shorter dated issues outstanding). This will restrict the extent to which the Group can make investments in classes of securities in which there are few arms length investors.

- (2) The CCT Approval is subject to the Cap, whereby the aggregate investment in Connected Debt Securities (net of sales) at any time during the CCT Relevant Period shall not exceed HK\$16,380 million being approximately 20% of the Company's net liquid assets as at 31 December 2008 (as defined).

The purpose of this limit is so that the Group will not commit a major proportion of its readily available liquidity to this category of investment. A limit of 20% is, in our experience, a relatively common top limit adopted when a portfolio of investments is designed so as to achieve a reasonable degree of diversification.

- (3) The Connected Debt Securities should have a reasonable degree of liquidity.

Liquidity will be subject to market conditions from time to time, as recent experience has demonstrated. However, the requirement that the securities should be listed on a recognised exchange, or should be "144A" or "Regulation S" or that they should have a value, with other outstanding Connected Debt Securities of the same issuer, of US\$500 million or more should mean that the holdings of Connected Debt Securities should have a certain degree of marketability in normal conditions. In all cases, the Connected Debt Securities shall be acquired by the Group only from the secondary market and on normal commercial terms arrived at after arms length negotiations. The Connected Debt Securities will either be the subject of an issue with formal documentation and a marketing process involving arms length price discovery or will be purchased in the market from an arms length seller on terms usual in the market adopting mechanisms as set out in the "Letter from the Board".

- (4) The Connected Debt Securities should be of investment grade or equivalent

This requirement should ensure that the particular security and its issuer have been subject to outside scrutiny. Although the standing of rating agencies may have suffered, we consider that the present climate is bringing a tightening of standards in such reviews.

- (5) The Connected Debt Securities should not be zero coupon and should not have conversion or option or similar features

This restriction is designed to limit the investments to “straight” bonds, not zero coupons, where capital values are subject to wider fluctuations, or convertibles which are more complex to value and are exposed to the equity markets as well as the credit markets.

- (6) Currencies will be restricted to Hong Kong, United States or Canadian dollars except where the currency of issue is not considered to give rise to a significant mis-match of currency of assets and liabilities

This restriction is designed to limit currency exposure. The Company prepares its accounts in HK dollars, so investments in HK dollars, US dollars (given the peg) and the closely-linked Canadian dollars should be prudent. Some flexibility is allowed for other currencies if after due consideration the currency of assets and liabilities is considered to be well-matched.

- (7) Maturity is limited to 15 years

This in our opinion is a relatively long maturity but is balanced by the provisions for liquidity set out above.

#### 4. Financial position of CKH Group

The following is a summary of CKH’s financial position based on its audited consolidated balance sheet as at 31 December 2008:

	<b>As at 31 December 2008</b> <i>(HK\$ millions)</i>
<b>Non-current assets</b>	
Fixed assets	11,624
Investment properties	15,670
Associates	151,008
Jointly controlled entities	29,391
Investments available for sale	4,678
Long term loan receivables	1,093
	<u>213,464</u>
<b>Current assets</b>	
Stock of properties	61,211
Debtors, deposits and prepayments	3,904
Investments held for trading	858
Derivative financial instruments	22
Bank balances and deposits	7,173
	<u>73,168</u>
<b>Total assets</b>	<u><u>286,632</u></u>

	<b>As at 31 December 2008</b> <i>(HK\$ millions)</i>
<b>Non-current liabilities</b>	
Bank and other loans	31,258
Loan from joint development partner	2,000
Deferred tax liabilities	1,359
	<u>34,617</u>
<b>Current liabilities</b>	
Bank and other loans	8,991
Creditors and accruals	3,878
Loan from joint development partner	2,000
Derivative financial instruments	872
Provision for taxation	768
	<u>16,509</u>
<b>Total liabilities</b>	<u><u>51,126</u></u>
<b>Net assets</b>	<u><u>235,506</u></u>
Shareholders' funds	231,164
Minority interests	4,342
<b>Total equity</b>	<u><u>235,506</u></u>

The principal businesses of CKH and its subsidiaries ("CKH Group") are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

As at 31 December 2008, CKH Group had total assets of approximately HK\$287 billion, with associates of HK\$151,008 million (accounting for 52.7%), stock of properties of HK\$61,211 million (accounting for 21.4%), jointly controlled entities of HK\$29,391 million (accounting for 10.3%), investment properties of HK\$15,670 million (accounting for 5.5%), fixed assets of HK\$11,624 million (accounting for 4.1%) and bank balances and deposits of HK\$7,173 million (accounting for 2.5%).

Total borrowings of CKH Group as at 31 December 2008 amounted to HK\$44,249 million. Of the total borrowings, 25% were repayable in 2009, 20% were repayable in 2010, 52% were repayable between 2011 and 2013 and 3% repayable beyond 2013. There were bank loans of HK\$29,778 million, other loans of HK\$10,471 million and loan from joint development partner of HK\$4,000 million with interest ranging from 0.95% to 8.38% per annum.

After deducting the bank balances and deposits totaling HK\$7,173 million, CKH Group has a net debt position of approximately HK\$37,076 million, giving rise to a net debt to equity ratio of 15.7% as at 31 December 2008. CKH Group maintained a strong balance sheet and had a robust liquidity position with a current ratio of 4.4 times (defined as current assets divided by current liabilities). CKH Group's credit rating was "A-" from Standard & Poor's.

## 5. Financial position of HSE Group

The following is a summary of the HSE's financial position based on its audited consolidated balance sheet as at 31 December 2008:

	<b>As at 31 December 2008</b> <i>(C\$ millions)</i>
<b>Current assets</b>	
Cash and cash equivalents	913
Accounts receivable	1,344
Inventories	1,032
Prepaid expenses	33
	<u>3,322</u>
<b>Non-current assets</b>	
Property, plant and equipment, net	20,839
Goodwill	779
Contribution receivable	1,448
Other assets	134
	<u>23,200</u>
<b>Total assets</b>	<u><u>26,522</u></u>
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	2,896
<b>Non-current liabilities</b>	
Long-term debt	1,957
Contribution payable	1,659
Other long-term liabilities	898
Future income taxes	4,724
	<u>9,238</u>
<b>Total liabilities</b>	<u><u>12,134</u></u>
<b>Net assets</b>	<u><u>14,388</u></u>

**As at**  
**31 December**  
**2008**  
(C\$ millions)

**Shareholders' equity**

Common shares	3,568
Retained earnings	10,461
Accumulated other comprehensive income	359
	14,388

HSE is an international energy and energy-related company with its energy businesses integrated through the three industry sectors: upstream, midstream and downstream.

As at 31 December 2008, HSE and its subsidiaries ("HSE Group") had total assets of C\$26,522 million, with property plant and equipment of C\$20,839 million (accounting for 78.6%), contribution receivable of C\$1,488 million (accounting for 5.6%), accounts receivable of C\$1,344 million (accounting for 5.1%), inventories of C\$1,032 million (accounting for 3.9%) and cash and cash equivalents of C\$913 million (accounting for 3.4%).

HSE Group had long-term debt of C\$1,957 million including notes and debentures with an annual interest rate between 6.15% and 8.9%. Out of the total long-term debt, 25% will mature in 2012, 50% will mature between 2016 and 2019 and 24% will mature in 2037. HSE Group has no short-term borrowing as at 31 December 2008.

After deducting the cash and cash equivalents of C\$913 million, HSE Group has a net debt position of approximately C\$1,044 million, giving rise to a net debt to equity ratio of 7.3% as at 31 December 2008. HSE Group maintained a healthy balance sheet and has a current ratio of 1.1 times (defined as current assets divided by current liabilities). HSE's credit ratings were "Baa2" from Moody's and "BBB+" from Standard & Poor's.

## 6. Reporting requirements and conditions of the CCT Approval

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the CCT Approval is subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the acquisitions of the Connected Debt Securities and confirm in the annual report and accounts that acquisitions of the Connected Debt Securities have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
  - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming that acquisitions of the Connected Debt Securities:
  - (i) have received the approval of the Board;
  - (ii) are in accordance with the pricing policies of the Group; if applicable;
  - (iii) have been entered into in accordance with the relevant agreements governing the acquisitions of the Connected Debt Securities; and
  - (iv) have not exceeded the Cap;
- (c) the Company shall allow, and shall procure the relevant counterparties to the acquisitions of the Connected Debt Securities to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the acquisitions of the Connected Debt Securities as set out in paragraph (b);
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and /or (b) respectively.

In light of the reporting requirements attached to the CCT Approval, in particular, (i) the restriction of the value of the acquisitions of the Connected Debt Securities by way of the Cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the acquisitions of the Connected Debt Securities and the Cap not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of acquisitions of the Connected Debt Securities and assist to safeguard the interests of the Independent Shareholders.

### **DISCUSSION AND ANALYSIS**

Based on our review of the recently completed audited balance sheet at 31st December, 2008, we consider that the Group is prudently funded. It has a net debt to net total capital ratio (based on net debt divided by net total capital) of 34% and this is balanced by a strong liquidity, with positive net current assets of HK\$22,864 million.

Recently, the returns available on surplus liquidity have been very low. The Directors consider they will be able to increase these returns significantly by investing in longer dated instruments, particularly corporate bonds of good quality. In so doing, the Directors would like the flexibility of being able to invest in bonds issued by companies which may be classified as connected persons for this purpose, as among other things, the Directors are more familiar with the business, management and credit standing of such companies than they would normally be for arms length companies. This is only additional flexibility being accorded to the Directors; there is no obligation to acquire any Connected Debt Securities. Summary balance sheet information on CKH and HSE and their subsidiaries, the connected persons whose Connected Debt Securities may be acquired, is set out above. We consider both companies have strong financial positions.

It would not be prudent to put all or even a majority of Group liquidity into such instruments and consequently protections and limitations are proposed, an approach with which we concur. We consider the 20% limit, in aggregate and for one issue (with some flexibility), is a widely used upper limit when designing a portfolio to achieve a certain degree of diversification. Other

limitations relate to liquidity, credit rating, lack of zero coupon or option/convertible features, currency and maturity. We consider that, taken together, this array of protections and limitations will provide a sound framework for a liquidity investment policy which should improve returns while keeping increased risks within prudent limits.

**OPINION**

Having taken into account the above principal factors and reasons, we consider that investment in debt instruments is in the ordinary and usual course of business of the Group and the Master Agreements are on normal commercial terms. We further consider that the terms of the Master Agreements and the CCT Approval (including the Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Master Agreements and the grant of the CCT Approval.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**M. N. Sabine**  
*Chairman*

## 1. 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 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 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

*Long positions in the Shares*

Name of Director	Capacity	Nature of interests	Number of Shares held	Total	Approximate % of shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 <sup>(1)</sup>	2,190,875,773	51.3883%
	(ii) Interest of controlled corporations	(ii) Corporate interest	49,177,000 <sup>(2)</sup>		
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 <sup>(1)</sup>	2,142,785,543	50.2604%
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 <sup>(3)</sup>		
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,310,875 <sup>(4)</sup>	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%
Kam Hing Lam	(i) Beneficial owner	(i) Personal interest	60,000	100,000	0.0023%
	(ii) Interest of child	(ii) Family Interest	40,000		
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 <sup>(5)</sup>	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 <sup>(6)</sup>	1,000,000	0.0235%
	(ii) Beneficial owner	(ii) Personal interest	40,000		
	(iii) Interest of spouse	(iii) Family interest	9,900		
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%



Notes:

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

- (a) 2,130,202,773 Shares held by certain subsidiaries of CKH. 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 CKH.

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 CKH 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 CKH 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 CKH held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of CKH under the SFO as directors of CKH. 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 CKH and has no duty of disclosure in relation to the shares of CKH 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 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 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 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 held by TUT3 as trustee of UT3 under the SFO.

- (2) Such Shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.

- (3) *Such Shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.*
- (4) *Such Shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.*
- (5) *Such Shares were ultimately held by discretionary trust(s) of which The Hon. Sir Michael David Kadoorie is the founder, a beneficiary and/or a discretionary object.*
- (6) *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 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 CKH or the Company as described in Note (1) above:

- (i) 1,912,109,945 ordinary shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;
- (ii) 6,399,728,952 ordinary shares, representing approximately 71.50% of the then issued share capital, in Hutchison Harbour Ring Limited ("HHR") held by certain wholly owned subsidiaries of the Company;
- (iii) 2,958,068,120 ordinary shares, representing approximately 61.44% of the then issued share capital, in HTIL of which 52,092,587 ordinary shares and 2,905,822,253 ordinary shares were held by certain wholly owned subsidiaries of each of CKH and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iv) 829,599,612 ordinary 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 ordinary shares, representing approximately 36.70% of the then issued share capital, in TOM Group Limited ("TOM") of which 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of CKH and the Company respectively;
- (vi) 293,618,956 common shares, representing approximately 34.57% of the then issued share capital, in HSE 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 35.98% of the then issued share capital, in HSE 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 (i) a nominal amount of US\$30,200,000 in the 6.988% Notes due 2037 issued by Hutchison Whampoa Finance (CI) Limited; and (ii) 266,621,499 ordinary shares, representing approximately 5.54% 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 ordinary 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 6.5% 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); (d) a nominal amount of US\$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33); and (e) a nominal amount of US\$4,000,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited;
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in HHR;
- (iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited (“HTAL”) comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% 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 HSE; and
- (vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.15% of the then issued share capital, in Partner Communications Company Ltd. ("Partner").

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 ordinary 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 ordinary 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 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTAL; and (ii) 20,000 common shares and 9,245 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.003% of the then issued share capital, in HSE.

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 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 6,693 common shares, representing approximately 0.0008% of the then issued share capital, in HSE.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or 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.

## 2. 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 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

*Long positions in the Shares*

Name	Capacity	Number of Shares held	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 <sup>(1)</sup>	49.97%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	2,130,202,773 <sup>(1)</sup>	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 <sup>(2)</sup>	10.91%

### (b) Interests and short positions of other persons in the Shares and underlying Shares

*Long positions in the Shares*

Name	Capacity	Number of Shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 <sup>(2)</sup>	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 <sup>(2)</sup>	5.54%
Polycourt Limited	Beneficial owner	233,065,641 <sup>(2)</sup>	5.47%
Well Karin Limited	Beneficial owner	226,969,600 <sup>(2)</sup>	5.32%

Notes:

- (1) The four references to 2,130,202,773 Shares relate to the same block of Shares which represent the total number of Shares held by certain wholly owned subsidiaries of CKH where CKH 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 held by CKH as described in Note (1)(a) of the section titled "Disclosure of Directors' Interests".
- (2) These are wholly owned subsidiaries of CKH and their interests in the Shares are duplicated in the interests of CKH.

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 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 to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

### 3. 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	CKH	Chairman	<ul style="list-style-type: none"> <li>- Property and hotels</li> <li>- Finance and investments, and others</li> </ul>
Li Tzar Kuoi, Victor	CKH	Managing Director and Deputy Chairman	<ul style="list-style-type: none"> <li>- Property and hotels</li> <li>- Finance and investments, and others</li> </ul>
	CKI	Chairman	<ul style="list-style-type: none"> <li>- Energy and infrastructure, finance and investments, and others</li> </ul>
	CK Life Sciences Int'l., (Holdings) Inc. ("CKLS")	Chairman	<ul style="list-style-type: none"> <li>- Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products)</li> <li>- Finance and investments, and others</li> </ul>
	HEH	Executive Director	<ul style="list-style-type: none"> <li>- Energy</li> </ul>
	HSE	Co-Chairman	<ul style="list-style-type: none"> <li>- Energy</li> </ul>

Name of Director	Name of company	Nature of interest	Nature of competing business
Fok Kin-ning, Canning	CKH	Non-executive Director	– Property and hotels – Finance and investments, and others
	CKI	Deputy Chairman	– Energy and infrastructure, finance and investments, and others
	HEH	Chairman	– Energy
	HHR	Chairman	– Property
	HTAL	Chairman	– Telecommunications
	HSE	Co-Chairman	– Energy
Chow Woo Mo Fong, Susan	Partner	Chairman	– Telecommunications
	CKI	Executive Director	– Energy and infrastructure, finance and investments, and others
	HEH	Executive Director	– Energy
	HHR	Executive Director	– Property
	HTAL	Director	– Telecommunications
	Partner	Director	– Telecommunications
Frank John Sixt	TOM	Non-executive Director	– Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)
	CKH	Non-executive Director	– Property and hotels – Finance and investments, and others
	CKI	Executive Director	– Energy and infrastructure, finance and investments, and others
	HEH	Executive Director	– Energy
	HTAL	Director	– Telecommunications
	HSE	Director	– Energy
Partner	Director	– Telecommunications	
TOM	Non-executive Chairman	– Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)	

Name of Director	Name of company	Nature of interest	Nature of competing business
Lai Kai Ming, Dominic	HHR	Deputy Chairman	– Property
	HTAL	Director	– Telecommunications
Kam Hing Lam	CKH	Deputy Managing Director	– Property and hotels – Finance and investments, and others
	CKI	Group Managing Director	– Energy and infrastructure, finance and investments, and others
	CKLS	President and Chief Executive Officer	– Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products) – Finance and investments, and others
	HEH	Executive Director	– Energy
	Spark Infrastructure Group	Non-executive Director	– Energy
George Colin Magnus	CKH	Non-executive Director	– Property and hotels – Finance and investments, and others
	CKI	Non-executive Director	– Energy and infrastructure, finance and investments, and others
	HEH	Non-executive Director	– Energy
William Shurniak	HSE	Director and Deputy Chairman	– Energy

As the Board is independent of the boards of directors 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, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt were non-executive directors of HTIL and of HTHKH, both being subsidiaries of the Company which are engaged in telecommunications businesses, Mrs Chow was also an alternate director to each of Messrs Fok and Sixt as directors of HTIL and Mr Lai Kai Ming, Dominic was also a non-executive director of HTHKH.

The non-competition agreement entered into by the Company and HTIL on 24 September 2004 ("2004 HTIL Non-Competition Agreement") maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them. Under the 2004 HTIL Non-Competition Agreement, 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 the HTIL group exercises its option to acquire our Group's interest in



Hutchison Telecommunications Argentina S.A., Argentina (the “Group’s Territory Countries”). The exclusive territory of the HTIL group comprised all the remaining countries of the world. On 25 February 2008, under and in accordance with the requirements of the 2004 HTIL Non-Competition Agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (an indirect wholly owned subsidiary of HTIL) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator business in Italy. Save for the aforesaid business, there is no single country in which both groups have competing operations. On 17 April 2009, the Company and HTIL entered into an amendment agreement to the 2004 HTIL Non-Competition Agreement whereby the parties thereto agreed, with effect from the first day on which the HTHKH Shares commence trading on the Main Board of the Stock Exchange following completion of the Listing (the “HTHKH Listing Date”), inter alia, the new scope of businesses which is subject to such agreement, the exclusion of Hong Kong and Macau from the HTIL group’s exclusive territory, the exclusive territory of HTHKH and its subsidiaries to comprise Hong Kong and Macau, and the order in which new opportunities arising from any of the exclusive territories of the Group, HTIL group and the HTHKH group will be offered to the other party.

The non-competition agreement entered into by the Company and HTHKH on 17 April 2009 (“2009 HTHKH Non-Competition Agreement”), and which will come into effect from the HTHKH Listing Date, maintained a clear geographical of the two groups’ respective businesses ensuring there would be no competition between them. The exclusive territory of the HTHKH group comprised Hong Kong and Macau, the exclusive territory of the Group comprised the Group’s Territory Countries, and the exclusive territory of the HTIL group comprised all the remaining countries of the world.

#### **4. NO MATERIAL ADVERSE CHANGE**

The Directors believe there has been no material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Group have been made up.

#### **5. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance was pending or threatened against the Company or any of its subsidiaries.

**6. QUALIFICATION AND CONSENT OF EXPERT**

- (a) The following are the qualifications of the expert who has given a letter which is contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
Somerley	Licensed corporation under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the respective terms of the Master Agreements and the CCT Approval.

- (b) (i) As at the Latest Practicable Date, Somerley did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares 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 2008, being the date of the latest published audited accounts of the Group, been acquired or disposed of or by or leased to any member of the Group, or are proposed to be acquired or disposed of or 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 and the inclusion herein of its letter and reference to its name in the form and context in which it is included. Somerley's letter is given as of the date of this circular for incorporation herein.

**7. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS**

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 December 2008, being the date of the latest published audited accounts of the Group, been acquired or disposed of or by or leased to any member of the Group, or are proposed to be acquired or disposed of or by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at such date and which was significant in relation to the business of the Group taken as a whole.
- (c) 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).

**8. MISCELLANEOUS**

- (a) The Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy and infrastructure, finance and investments, and others; and telecommunications. The principal businesses of CKH and its subsidiaries are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in securities. HSE is an international energy and energy-related company with its energy businesses integrated through the three industry sectors: upstream, midstream and downstream.
- (b) The Company's share registrars are Computershare Hong Kong Investor Services Limited and its transfer office is at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms Edith Shih. Ms Shih holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of Philippines, a Master of Arts degree and a Master of Education degree from Columbia University, New York. She is qualified to practise law in Hong Kong, England and Wales and Victoria, Australia and is a Fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 21 May 2009 at 12:20 p.m. (or as soon as the annual general meeting of the Company shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

### Ordinary Resolutions

1. **“THAT**, with effect from the later of the conclusion of the meeting at which this Resolution is passed and the date on which the shares of Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”, an indirect non wholly owned subsidiary of the Company) are admitted to trading on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the rules of the share option scheme of HTHKH (a copy of which has been produced to the meeting and marked “A”) (the “HTHKH Share Option Scheme”), be and they are hereby approved and that the Directors, acting together, individually or by committee, be and they are hereby authorised to approve any amendments to the rules of the HTHKH Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and to take all such steps as may be necessary, desirable or expedient to carry into effect the HTHKH Share Option Scheme subject to and in accordance with the terms thereof.”
  
2. **“THAT:**
  - (1) the entering into of the master agreement dated 17 April 2009 and made between the Company and Cheung Kong (Holdings) Limited (“CKH”) (the “CKH Master Agreement”), setting out the basis upon which bonds, notes, commercial paper and other similar debt instruments (the “CKH Connected Debt Securities”) may be issued by CKH or its subsidiaries and acquired by the Company or its wholly owned subsidiaries (together the “Group”), copy of which has been produced to this meeting marked “B”, be and is hereby approved, and the Directors, acting together, individually or by committee, be and are hereby authorised to approve the acquisition of the CKH Connected Debt Securities more particularly described in the circular to the shareholders of the Company dated 28 April 2009 and of which this Notice forms part (the “Circular”) as contemplated in the CKH Master Agreement subject to the limitations set out in the CKH Master Agreement and in paragraph (2) below.
  
  - (2) (A) subject to paragraph (B) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Group to acquire CKH Connected Debt Securities be and is hereby generally and unconditionally approved;
  
  - (B) (i) the aggregate gross purchase price of the CKH Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of CKH Connected Debt Securities to be sold, by the Group (“CKH Net Connected Debt Securities Position”) during the Relevant Period pursuant to the approval in paragraph (A) above shall not exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (ii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position (as defined in Resolution (3) below) at any time during the Relevant Period shall not exceed HK\$16,380 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2008 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date; The above formulation was determined as the cap for any acquisition of the Connected Debt Securities (as such expression is defined in the Circular) to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser;
  - (iii) the CKH Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding CKH Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and in all cases the CKH Connected Debt Securities shall be acquired by the Group only from the secondary market and on normal commercial terms arrived at after arm's length negotiations;
  - (iv) the CKH Connected Debt Securities shall be of at least investment grade or its equivalent;
  - (v) the CKH Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;
  - (vi) the CKH Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed acquisition of CKH Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and
  - (vii) the CKH Connected Debt Securities shall have maturity not in excess of 15 years.
- (C) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until the earlier of:
- (i) the conclusion of the next Annual General Meeting of the Company; and
  - (ii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company."

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. **“THAT:**

- (1) the entering into of the master agreement dated 17 April 2009 and made between the Company and Husky Energy Inc. (“HSE”) (the “HSE Master Agreement”), setting out the basis upon which bonds, notes, commercial paper and other similar debt instruments (the “HSE Connected Debt Securities”) may be issued by HSE or its subsidiaries and acquired by the Group, a copy of which has been produced to this meeting marked “C”, be and is hereby approved, and the Directors, acting together, individually or by committee, be and are hereby authorised to approve the acquisition of the HSE Connected Debt Securities more particularly described in the Circular and of which this Notice forms part as contemplated in the HSE Master Agreement subject to the limitations set out in the HSE Master Agreement and in paragraph (2) below.
  
- (2) (A) subject to paragraph (B) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Group to acquire HSE Connected Debt Securities be and is hereby generally and unconditionally approved;
  
- (B) (i) the aggregate gross purchase price of the HSE Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of HSE Connected Debt Securities to be sold, by the Group (“HSE Net Connected Debt Securities Position”) during the Relevant Period pursuant to the approval in paragraph (A) above shall not exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
  
- (ii) the aggregate amount of the HSE Net Connected Debt Securities Position and the CKH Net Connected Debt Securities Position at any time during the Relevant Period shall not exceed HK\$16,380 million, being approximately 20% of the Company’s “net liquid assets” as at 31 December 2008 (the “Reference Date”). For this purpose, the Company’s “net liquid assets” as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date; The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser;
  
- (iii) the HSE Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding HSE Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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in all cases the HSE Connected Debt Securities shall be acquired by the Group only from the secondary market and on normal commercial terms arrived at after arm's length negotiations;

- (iv) the HSE Connected Debt Securities shall be of at least investment grade or its equivalent;
  - (v) the HSE Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;
  - (vi) the HSE Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed acquisition of HSE Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and
  - (vii) the HSE Connected Debt Securities shall have maturity not in excess of 15 years.
- (C) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until the earlier of:
- (i) the conclusion of the next Annual General Meeting of the Company; and
  - (ii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company."

The Register of Members of the Company will be closed from Thursday, 14 May 2009 to Thursday, 21 May 2009, both dates inclusive.

By Order of the Board

**Edith Shih**  
*Company Secretary*

Hong Kong, 28 April 2009

*Notes:*

1. *In order to qualify for attending the Extraordinary General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 May 2009.*
2. *Only members of the Company are entitled to attend and vote at the meeting.*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member. The Company's Articles of Association require proxy forms to be deposited at the registered office of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong not later than 48 hours before the time for holding the meeting.*
4. *At the meeting, the chairman of the meeting will exercise his power under Article 58 of the Articles of Association of the Company to put each of the above resolutions to a vote by way of poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The poll results will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited on 21 May 2009.*
5. *A circular containing the information regarding the HTHKH Share Option Scheme, the Master Agreements and the CCT Approval will be sent to the members of the Company.*