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Hutchison Whampoa Limited
和記黃埔有限公司

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

DISCLOSEABLE TRANSACTION – SUBSCRIPTION BY CO-INVESTORS OF SHARES IN THE COMBINED BUSINESS OF 3 UK AND O₂ UK

SUMMARY

The Board is pleased to announce that on 8 May 2015, the Company and MergeCo (as at the date of this announcement, an indirect wholly owned subsidiary of the Company) entered into a Subscription Agreement with the Co-Investors pursuant to which the Co-Investors have conditionally agreed to pay cash of up to £2,770,212,766 (equivalent to approximately HK\$32,743,914,894), payable on or about the date of Completion (the “**Co-Investor Subscription Amount**”) to subscribe for ordinary shares in MergeCo, representing approximately 32.98% of the issued share capital of MergeCo at Completion.

Pursuant to the Shareholders’ Agreement, a potential further amount in cash of up to £329,787,234 (equivalent to approximately HK\$3,898,085,106), being the Co-Investors’ pro rata portion, is payable by the Co-Investors in the event that MergeCo is obliged to make or procure the making of certain deferred upside interest sharing payments to Telefónica, S.A. under the O₂ SPA, further details of which are set out in the section headed “Potential Deferred Upside Interest Sharing Payments to Telefónica, S.A.” below (the “**Further Co-Investor Subscription Amount**”).

LISTING RULES IMPLICATIONS

As at the date of this announcement, MergeCo is an indirect wholly owned subsidiary of the Company. Upon Completion, MergeCo will hold the Combined Business, and will be indirectly held as to approximately 67.02% by the Company and approximately 32.98% by the Co-Investors. As the percentage equity interest of the Company in MergeCo will be diluted from 100% to approximately 67.02%, the Subscription constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is conditional on the satisfaction (or, if applicable, waiver) of certain conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

A. THE SUBSCRIPTION

1 INTRODUCTION

The Board is pleased to announce that on 8 May 2015, the Company and MergeCo (as at the date of this announcement, an indirect wholly owned subsidiary of the Company) entered into a Subscription Agreement with the Co-Investors pursuant to which the Co-Investors have conditionally agreed to pay the Co-Investor Subscription Amount to subscribe for ordinary shares in MergeCo, representing approximately 32.98% of the issued share capital of MergeCo at Completion, and to enter into the Shareholders' Agreement (further details of which are set out in the section headed "Shareholders' Agreement" below).

Pursuant to the Shareholders' Agreement, the Co-Investors may be required to pay the Further Co-Investor Subscription Amount, being the Co-Investors' pro rata portion, in the event that MergeCo is obliged to make or procure the making of certain deferred upside interest sharing payments to Telefónica, S.A. under the O₂ SPA.

Upon Completion, MergeCo will be indirectly held as to approximately 67.02% by the Company and approximately 32.98% by the Co-Investors. MergeCo will at Completion, remain a subsidiary of the Company.

2 PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

The terms and conditions of the Subscription Agreement, including the consideration payable, were determined on an arm's length basis and are on normal commercial terms.

Date

8 May 2015

Parties

- (i) The Company
- (ii) MergeCo
- (iii) CPPIB
- (iv) the GIC Investor
- (v) Limpart
- (vi) CDPQ
- (vii) BTGI and BTG Pactual GPIF1

Subscription Amount

The Co-Investors have conditionally agreed to pay the Co-Investor Subscription Amount to subscribe for ordinary shares in MergeCo, representing approximately 32.98% of the issued share capital of MergeCo at Completion, and to enter into the Shareholders' Agreement.

The Company will ensure that the HWL Subscriber(s) subscribe, on Completion, for ordinary shares in MergeCo (which, when aggregated with currently held shares in MergeCo, will represent approximately 67.02% of the issued share capital of MergeCo) at the subscription amount of £5,629,000,000 (equivalent to approximately HK\$66,534,780,000) to be satisfied by the contribution of up to £279,787,234 (equivalent to approximately HK\$3,307,085,106) in cash and the injection of its entire interest in the 3 UK Business.

Consideration

The total cash consideration for the Subscription by the Co-Investors is the Co-Investor Subscription Amount. Such consideration was determined by reference to, among other things, the anticipated financial position and performance of the Combined Business, and is based on arm's length negotiations between the parties.

Conditions

Completion is conditional on the satisfaction or waiver of certain conditions (the “**Conditions**”), including, among other things: (i) the satisfaction or waiver of all the conditions precedent set forth in the O₂ SPA, or their satisfaction or waiver subject only to completion of the O₂ Acquisition; and (ii) completion of the Planned Reorganisation.

Should any of the Conditions not be satisfied or waived by the tenth Business Day after the Long Stop Date, the Subscription Agreement will automatically terminate unless the parties agree otherwise in writing. In the event that the Subscription Agreement is terminated, further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

Completion

Completion shall take place following the satisfaction or waiver of all the Conditions.

Directors

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, each Co-Investor and each Co-Investor's ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company (as defined in the Listing Rules).

3 SHAREHOLDERS' AGREEMENT

Shareholders' Agreement

At Completion, the Company, MergeCo, the HWL Investors and the Co-Investors will enter into a Shareholders' Agreement on customary terms to govern their relationship as shareholders of MergeCo, the terms of which include, among other things, provisions relating to the Further Subscription Shares (as defined below), the Further Co-Investor Subscription Amount and the Further HWL Subscription Amount (as defined below), pre-emption rights, drag and tag rights, and Co-Investor downside protection and upside sharing in relation to the future value of the MergeCo business.

Potential Deferred Upside Interest Sharing Payments to Telefónica, S.A.

In the event that, post Completion, MergeCo is obliged to make or procure the making of certain deferred upside interest sharing payments to Telefónica, S.A. under the O₂ SPA, each Co-Investor and the HWL Investors shall, pursuant to the Shareholders' Agreement, subscribe for additional ordinary shares in MergeCo (the "**Further Subscription Shares**"), the allocation of which shall be made in proportion to the percentage shareholding of each Co-Investor and the HWL Investors in MergeCo at Completion.

The amount which the Co-Investors are required to pay for their pro rata portion of the Further Subscription Shares shall not in aggregate exceed £329,787,234 (equivalent to approximately HK\$3,898,085,106), and the amount which the HWL Investors are required to pay for their pro rata portion of the Further Subscription Shares shall not in aggregate exceed £670,212,766 (equivalent to approximately HK\$7,921,914,894) (the "**Further HWL Subscription Amount**").

B. REASONS AND BENEFITS FOR ENTERING INTO THE SUBSCRIPTION

The Board considers that the Subscription is fair and reasonable and is in the interests of the Company and the Shareholders taken as a whole. The introduction of new investors in the Combined Business delivers a capital structure for the Combined Business consistent with the investment grade rating of the Company and is expected to be accretive both to the consolidated recurring earnings and cash flow of the Company.

The Board considers the terms and conditions of the Subscription Agreement and the Shareholders' Agreement to be on normal commercial terms and to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

C. FINANCIAL IMPACT OF THE SUBSCRIPTION

Upon Completion, MergeCo will hold the Combined Business, and will be indirectly held as to approximately 67.02% by the Company and approximately 32.98% by the Co-Investors. MergeCo will at Completion, remain a subsidiary of the Company. Under relevant accounting rules, as the Subscription does not result in the Company ceasing to control MergeCo and the Combined Business, no profit or loss will be realised as a result of the Subscription in the consolidated financial statements of the Company.

On or before Completion, MergeCo will have acquired, directly or indirectly, the entire interest in the 3 UK Business. In addition, MergeCo will receive net cash proceeds from the Co-Investors of up to £2,770,212,766 (equivalent to approximately HK\$32,743,914,894) and net cash subscription proceeds from the HWL Subscribers of up to £279,787,234 (equivalent to approximately HK\$3,307,085,106). These net cash proceeds are expected to be used by MergeCo to partly fund the purchase of the O₂ UK Business with the balance of the O₂ Acquisition being funded by (i) a £6,000,000,000 (equivalent to approximately HK\$70,920,000,000) bridge loan facility that Hutchison 3G UK Investments Limited, an indirectly wholly owned subsidiary of MergeCo at Completion, has entered into with HSBC Bank plc, which is non-recourse to the Company and MergeCo, and (ii) a £200,000,000 (equivalent to approximately HK\$2,364,000,000) short term shareholder loan from the HWL Investors.

The arrangements in relation to the potential payment of any Further Co-Investor Subscription Amount and Further HWL Subscription Amount are described in the section headed “Potential Deferred Upside Interest Sharing Payments to Telefónica, S.A.” above.

D. INFORMATION ABOUT THE GROUP

The Group operates and invests in six core businesses: ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

MergeCo was incorporated on 3 March 2015. Accordingly, it had no net asset value as at 1 January 2015, and has not recorded any profit or loss for either of the financial years ended 31 December 2013 or 31 December 2014 respectively.

O₂ UK Business

The unaudited net asset value of the O₂ UK Business was £6.9 billion as at 31 December 2014. The unaudited net profit (before taxation) of the O₂ UK Business for the years ended 31 December 2013 and 31 December 2014 was £378 million and £373 million respectively. The unaudited net profit (after taxation) of the O₂ UK Business for the years ended 31 December 2013 and 31 December 2014 was £303 million and £290 million respectively.

The financial figures of the O₂ UK Business set out in this announcement are derived from the unaudited financial information of the O₂ UK Business prepared using the accounting policies of Telefónica, S.A., which are in accordance with IFRS as adopted for use in the European Union, and do not take into account the contemplated pre-Completion reorganisation of certain parts of the O₂ UK Business.

3 UK Business

The audited net liability value (including shareholders' loans) of the 3 UK Business was £5.2 billion as at 31 December 2014. The audited net profit (before taxation) of the 3 UK Business for the years ended 31 December 2013 and 31 December 2014 was £166.5 million and £281.7 million respectively. The audited net profit (after taxation) of the 3 UK Business for the years ended 31 December 2013 and 31 December 2014 was £337.6 million and £445.3 million respectively.

The financial figures of the 3 UK Business set out in this announcement are derived from the audited financial information of Hutchison 3G UK Limited, which is prepared in accordance with UK GAAP.

E. INFORMATION ABOUT THE CO-INVESTORS

CPPIB is a global investment management organization that invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of contributors and beneficiaries.

The GIC Investor is an Affiliate of GIC Private Limited, a sovereign wealth fund established in 1981 by the Singapore Government.

Limpart is a wholly owned subsidiary of the Abu Dhabi Investment Authority.

CDPQ is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans.

BTGI and BTG Pactual GPIF1 are Affiliates of BTG Pactual, a global financial firm headquartered in São Paulo.

F. LISTING RULES IMPLICATIONS

As at the date of this announcement, MergeCo is an indirect wholly owned subsidiary of the Company. Upon Completion, MergeCo will hold the Combined Business, and will be indirectly held as to approximately 67.02% by the Company and approximately 32.98% by the Co-Investors. As the percentage equity interest of the Company in MergeCo will be diluted from 100% to approximately 67.02%, the Subscription constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is conditional on the satisfaction (or, if applicable, waiver) of certain conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

G. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in the announcement:

“Affiliate”	in relation to a person or entity, any direct or indirect subsidiary or direct or indirect holding company of that person or entity, any other direct or indirect subsidiary of such holding company and any entity controlled by, or under common control of, that person or entity
“Board”	the board of Directors
“Business Day”	any day on which banks are open generally for business in Hong Kong, London and Madrid, excluding Saturdays and Sundays
“Co-Investors”	(i) Canada Pension Plan Investment Board (“ CPPIB ”); (ii) Evening Gold Investment Pte. Ltd., an Affiliate of GIC Private Limited (the “ GIC Investor ”); (iii) Limpart Holdings Limited, a wholly owned subsidiary of the Abu Dhabi Investment Authority (“ Limpart ”); (iv) Caisse de dépôt et placement du Québec (“ CDPQ ”); and (v) BTG Investments, L.P. (“ BTGI ”) and BTG Pactual Global Partnership Investing Fund 1 LP (“ BTG Pactual GPIF1 ”)

“Combined Business”	the combined business of the 3 UK Business and the O ₂ UK Business
“Company”	Hutchison Whampoa Limited 和記黃埔有限公司 (Stock Code: 13), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Finco”	a company to be incorporated in Hong Kong (or in such other jurisdiction determined by the Company) as a subsidiary of MergeCo prior to Completion
“HWL Investors”	Hutchison 3G UK Holdings (BVI) Limited and the HWL Subscriber(s), each an indirect wholly owned subsidiary of the Company
“HWL Subscriber(s)”	one or more Affiliates of the Company to be nominated by the Company prior to Completion
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2016, save that in specified circumstances as set out in the O ₂ SPA, this date may be extended to 30 September 2016
“MergeCo”	Hutchison 3G UK Holdings (CI) Limited, a company incorporated in the Cayman Islands having its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
“O ₂ Acquisition”	the proposed acquisition of the entire issued share capital of Telefonica Europe plc pursuant to the O ₂ SPA
“O ₂ SPA”	the agreement entered into on 25 March 2015 between Telefónica, S.A., Hutchison 3G UK Investments Limited and MergeCo for the sale and purchase of the entire issued share capital of Telefonica Europe plc
“O ₂ UK Business”	the telecommunications business carried on by Telefonica Europe plc group in the UK, primarily under the commercial brand ‘O ₂ ’

“Planned Reorganisation”	the steps required to reorganise certain Group companies engaged in the 3 UK Business so as to transfer under the direct or indirect ownership of MergeCo the following companies prior to Completion: (i) Hutchison 3G UK Holdings Limited, (ii) Hutchison 3G UK Limited, (iii) Advanced Telecoms Debt Collection Services Limited, (iv) 3 UK Retail Limited, (v) ID Communications Limited, (vi) Fanster Gain Limited, (vii) Hong Kong Finco, (viii) Hutchison 3G UK Investments Limited, (ix) Mobile Broadband Network Limited and (x) Digital Mobile Spectrum Limited
“Shareholder(s)”	holder(s) of shares in the Company
“Shareholders’ Agreement”	the shareholders’ agreement in relation to MergeCo between the Company, MergeCo, the HWL Investors and the Co-Investors, in the agreed form to be entered into at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription by the Co-Investors of ordinary shares in the capital of MergeCo, representing approximately 32.98% of the issued share capital of MergeCo on Completion, in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 May 2015 between the Company, MergeCo and the Co-Investors in relation to shares in MergeCo
“subsidiary”	has the meaning ascribed to the term under the Listing Rules
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK GAAP”	Generally Accepted Accounting Practice in the UK
“3 UK Business”	the telecommunications business carried on in the UK by Hutchison 3G UK Limited, an indirect wholly owned subsidiary of the Company, under the commercial brand ‘3’
“£”	British Pound(s), the lawful currency of the United Kingdom
“%”	per cent.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 8 May 2015

As at the date of this announcement, the Directors are:

Executive Directors:

Mr LI Ka-shing (*Chairman*)
Mr LI Tzar Kuoi, Victor (*Deputy Chairman*)
Mr FOK Kin Ning, Canning
Mrs CHOW WOO Mo Fong, Susan
Mr Frank John SIXT
Mr LAI Kai Ming, Dominic
Mr KAM Hing Lam

Independent Non-executive Directors:

Mr CHENG Hoi Chuen, Vincent
The Hon Sir Michael David KADOORIE
Ms LEE Wai Mun, Rose
Mr William Elkin MOCATTA
(*Alternate to The Hon Sir Michael David Kadoorie*)
Mr William SHURNIAK
Mr WONG Chung Hin

Non-executive Directors:

Mr LEE Yeh Kwong, Charles
Mr George Colin MAGNUS

In this announcement, the HK\$ amounts have been converted from British Pound amounts at the rate of £1 to HK\$11.82. Such conversions are for the convenience of the readers only. No representation is made that the British Pound amounts have been, could have been or could be, converted into HK\$, or vice versa, at such rate or at any other rates on any relevant dates.

In this announcement, any reference to a date or time is a reference to the Hong Kong date or time unless expressly provided otherwise.