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# Hutchison Telecom

**HUTCHISON TELECOMMUNICATIONS  
INTERNATIONAL LIMITED**

**和記電訊國際有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2332)**

**ANNOUNCEMENT**

**COMPLETION OF VERY SUBSTANTIAL DISPOSAL**

The Directors are pleased to announce that following fulfilment of all the Conditions, the Company has completed the Transaction with Vodafone.

From the Transaction, (i) the estimated before tax gain expected to be realised by the Group is approximately US\$9,000 million (approximately HK\$70,000 million) after taking into account the Settlement Amount payable to ECIL pursuant to the Settlement Agreement as previously announced, the Retention Amount of US\$352 million (approximately HK\$2,750 million) deducted at Completion out of the sale consideration of approximately US\$11,080 million, interest on Consideration and transaction costs and expenses; and (ii) the Group realised a net cash inflow of approximately US\$10,830 million (approximately HK\$84,700 million) before payment of the Settlement Amount.

The Directors confirmed their expectation to declare a special dividend of HK\$6.75 per Share (or approximately US\$12.94 per ADS) and will further announce other details of its payment arrangement as soon as reasonably practicable.

As required to be disclosed pursuant to the Listing Rules, the Company announces that various options granted to or by the Group by or in favour to various connected persons as more particularly described in the Company's announcement dated 1 March 2006 and circular dated 23 March 2006 all ceased to be exercisable by or against the Group with effect from Completion.

As required to be disclosed pursuant to the Listing Rules, the Company announces that on 8 May 2007, HCC, a connected person of the Company by virtue of being an indirect wholly owned subsidiary of HWL, exercised a call option to result in the disposal of the Customer Support Business by 3GS on the strike price as announced by the Company on 27 January 2006.

Reference is made to the Company's announcements dated 12 February 2007, 21 February 2007, 22 February 2007, 7 March 2007, 9 March 2007, and 15 March 2007 respectively, and the respective circulars to Shareholders dated 21 February 2007 (the "21 February Circular") and 4 April 2007 (the "4 April Circular").

## **COMPLETION OF THE TRANSACTION**

Following fulfilment of all the Conditions, the Company announces that it completed the Transaction with Vodafone on 8 May 2007.

In consideration of Vodafone's agreement to waive certain potential claims against the Company under the Agreement, the Company agreed to a retention from the Consideration of an amount of US\$352 million (approximately HK\$2,750 million) (the "Retention Amount"). By a deed entered into on 8 May 2007 by Vodafone and the Company, the parties agreed the basis and the terms on which Vodafone is entitled to apply an equivalent sum of the Retention Amount to meet certain specified liabilities which Vodafone (or its nominated person) may incur in connection with the interests acquired through the Transaction during a period of up to ten (10) years following the date of Completion (the "Retention Period"). If and to the extent such specified liabilities are not incurred and the Retention

Amount is not applied by the end of the Retention Period, Vodafone shall return or procure that there is returned such unutilised part of the Retention Amount to the Company together with Relevant Interest thereon. The Board (including the Independent Non-executive Directors) considers such variation to the terms of the Agreement and the terms of the Supplemental Deed, which were reached based on arms' length negotiations, to be fair, reasonable and in the interests of the Company and the Shareholders as a whole. Having regard to the terms surrounding the retention and release of any Retention Amount, the Board considers it prudent to make a full provision against recovery of any part of the Retention Amount.

From the Transaction, (i) the estimated before tax gain expected to be realised by the Group is approximately US\$9,000 million (approximately HK\$70,000 million) after taking into account the Settlement Amount payable to ECIL pursuant to the Settlement Agreement as previously announced, the Retention Amount, interest on the Consideration and transaction costs and expenses; and (ii) the Group realised a net cash inflow of approximately US\$10,830 million (approximately HK\$84,700 million) before payment of the Settlement Amount.

#### **USE OF PROCEEDS AND PAYMENT OF SPECIAL DIVIDEND**

The Board is also pleased to confirm its expectation to declare a special dividend of HK\$6.75 per Share (or approximately US\$12.94 per ADS). The Company will further announce other details of its payment arrangement as soon as reasonably practicable.

The balance of the net proceeds from the Transaction will be used for the purposes as previously announced on 22 February 2007, namely, (i) as to up to HK\$13,900 million to reduce the debt of the Group, and (ii) as to approximately HK\$35,300 million to invest in telecommunications businesses including expansion of the Company's existing operations, and for working capital and general corporate purposes. The Company will publish its ongoing dividend policy on the release of its interim results for the six months ending 30 June 2007, and review such policy if reinvestment of a significant proportion of the available proceeds has yet to be made by 31 December 2008.

## **DISCLOSURE PURSUANT TO LISTING RULES 14A.69 AND 14A.70**

Reference is made to details of the various options granted to or by then members of the Group ("Relevant Options") by or in favour of various connected persons (the "Relevant Connected Persons") described in the Company's announcement dated 1 March 2006 and circular dated 23 March 2006.

The then members of the Group, who are holders of the Relevant Options, are subsidiaries of CGP as at Completion. Accordingly, and as required to be disclosed pursuant to Listing Rules 14A.69 and 14A.70, the Company announces that as a result of and immediately after Completion, the Relevant Options ceased to be exercisable against or by the Company or any of its subsidiaries by or against the Relevant Connected Persons.

## **DISPOSAL OF CUSTOMER SUPPORT BUSINESS**

On 27 January 2006, the Company announced, amongst others, that a call option would be granted to HCC over the shares comprising the entire issued share capital of HTSI which in turn owned the entire issued share capital of 3GS at a strike price as previously announced. Such option was granted on 21 February 2006. HCC is an indirect wholly owned subsidiary of HWL and a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. On 7 September 2006, the parties agreed to substitute the subject matter of the call option with the Customer Support Business (i.e. the only operating business of 3GS at the time) for the same option exercise price. Such call option may be exercised in the event of a proposed change of control of 3GS.

As required to be disclosed under Listing Rule 14A.69(2), the Company announces that on 8 May 2007, HCC exercised such call option in accordance with its terms. Transfer of the Customer Support Business will occur subject to fulfilment and satisfaction of all requisite conditions set out in a definitive agreement signed on the date of Completion.

## DEFINITIONS

In this announcement, unless the context otherwise requires, terms defined in the 21 February Circular or the 4 April Circular shall have the same meanings when used herein and the following expressions have the following meanings:

"3GS"	3 Global Services Private Limited, a wholly owned subsidiary of HTSI incorporated in India, the current operator of the Customer Support Business and a subsidiary of CGP before and immediately after Completion
"Customer Support Business"	3GS' business of providing contact centre services including without limitation 3GS' business of establishing contact centres, hiring and training contact centre personnel, recruitment and supervision of such personnel, ensuring quality customer service and all assets and liabilities owned or incurred or suffered as a result of or in connection with such business from time to time
"HCC"	Hutchison Call Centre Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of HWL and a connected person of the Company
"HTSI"	Hutchison Tele-Services (India) Holdings Limited, a company incorporated in Mauritius and a subsidiary of CGP before and immediately after Completion
"LIBOR"	shall have the meaning ascribed to it in the Supplemental Deed
"Relevant Connected Persons"	the various connected persons of the Company more particularly described in the Company's announcement dated 2 March 2006 and circular dated 23 March 2006 to whom or by whom the Relevant Options were granted

“Relevant Interest”	interest on any amount of the Retention Amount to be returned to the Company accruing at LIBOR and payable in accordance with the terms of the Supplemental Deed
“Relevant Options”	the various put, call and subscription options more particularly described in the Company’s announcement dated 2 March 2006 and circular dated 23 March 2006 and granted to or by the Relevant Connected Persons
“Retention Amount”	the amount of US\$352 million (approximately HK\$2,750 million) deducted by Vodafone from the Consideration at Completion pursuant to and in accordance with the terms of the Supplemental Deed
“Retention Period”	the period commencing on the date of Completion and ending on the earlier of (i) the date on which the potential liability specified in the Supplemental Deed has crystallised in full; and (ii) the tenth anniversary of the date of Completion
“Supplemental Deed”	a deed dated 8 May 2007 and entered into between the Company and Vodafone in supplement to the Agreement setting forth the terms and conditions for the retention and return of any Retention Amount (and any Relevant Interest)

For the purpose of this announcement and for reference only, the exchange rate of US\$1.00 to HK\$7.8198 is adopted.

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

**Executive Directors:**  
Mr. Dennis Pok Man LUI  
Mr. Tim PENNINGTON

**Independent Non-executive Directors:**  
Mr. KWAN Kai Cheong  
Mr. John W. STANTON  
Mr. Kevin WESTLEY

**Non-executive Directors:**

Mr. FOK Kin-ning, Canning (*Chairman*)  
Mr. Frank John SIXT  
Mr. Michael John O'CONNOR  
Mr. Aldo MAREUSE

**Alternate Directors:**

Mrs. CHOW WOO Mo Fong, Susan  
*(Alternate to Mr. Fok Kin-ning, Canning  
and Mr. Frank John Sixt)*  
Mr. Martin Wolfgang MICHLMAYR  
*(Alternate to Mr. Michael John O'Connor)*  
Mr. Ragy SOLIMAN  
*(Alternate to Mr. Aldo Mareuse)*  
Mr. CHAN Ting Yu  
*(Alternate to Mr. Dennis Pok Man Lui)*  
Mr. WOO Chiu Man, Cliff  
*(Alternate to Mr. Tim Pennington)*

By Order of the Board

**Edith Shih**

*Company Secretary*

Hong Kong, 8 May 2007

Please also refer to the published version of this announcement in The Standard.