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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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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# Hutchison Whampoa Limited



*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 013)**

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES  
AND  
SHARE OPTION SCHEME OF  
HUTCHISON CHINA MEDITECH LIMITED  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The notice convening the Annual 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, 18 May 2006 at 12:00 noon at which the above proposals will be considered is set out on pages 30 and 31 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. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

20 April 2006

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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 III), 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, 18 May 2006, 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 30 and 31 of this circular 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
“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: 013)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to issue and allot new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HCML”	Hutchison China MediTech Limited, a company incorporated in the Cayman Islands with limited liability and wholly owned by the Company
“HCML Share Option Scheme”	the share option scheme proposed to be approved by the Company at the AGM for the benefit of the employees and directors of HCML and its subsidiaries and other eligible participants specified thereunder
“Latest Practicable Date”	13 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the general mandate to repurchase Shares

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## DEFINITIONS

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“Retiring Directors”	the Directors retiring at the AGM and, being eligible, are offering themselves for re-election at the AGM, in accordance with the Articles of Association
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## LETTER FROM THE BOARD

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# Hutchison Whampoa Limited



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

**Directors:**

LI Ka-shing, *Chairman*  
LI Tzar Kuoi, Victor, *Deputy Chairman*  
FOK Kin-ning, Canning, *Group Managing Director*  
CHOW WOO Mo Fong, Susan,  
*Deputy Group Managing Director*  
Frank John SIXT, *Group Finance Director*  
LAI Kai Ming, Dominic, *Executive Director*  
KAM Hing Lam, *Executive Director*  
Michael David KADOORIE, *Independent Non-executive Director*  
Holger KLUGE, *Independent Non-executive Director*  
George Colin MAGNUS, *Non-executive Director*  
William Elkin MOCATTA  
*(Alternate to Michael David Kadoorie)*  
Simon MURRAY, *Independent Non-executive Director*  
OR Ching Fai, Raymond, *Independent Non-executive Director*  
William SHURNIAK, *Non-Executive Director*  
WONG Chung Hin, *Independent Non-executive Director*  
*(Also Alternate to Simon Murray)*

**Registered Office:**

Hutchison House, 22nd Floor  
10 Harcourt Road  
Hong Kong

20 April 2006

To the Shareholders

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES  
AND  
SHARE OPTION SCHEME OF  
HUTCHISON CHINA MEDITECH LIMITED  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The Company will propose at the AGM resolutions to, inter alia, re-elect the Retiring Directors and grant to the Directors the General Mandate and the Repurchase Mandate upon the expiry of the current general mandates to issue Shares and repurchase Shares granted to the Directors at the annual general meeting held on 19 May 2005 and to approve the HCML Share Option Scheme.

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

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## **LETTER FROM THE BOARD**

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### **RE-ELECTION OF RETIRING DIRECTORS**

In accordance with Article 85 of the Articles of Association, Mrs Chow Woo Mo Fong, Susan, Mr Lai Kai Ming, Dominic, Mr Simon Murray, Mr Or Ching Fai, Raymond and Mr William Shurniak will retire at the AGM and, being eligible, will offer themselves for re-election. Information on such Retiring Directors as required to be disclosed under the Listing Rules is set out in Appendix I to this circular.

### **GENERAL MANDATE AND REPURCHASE MANDATE**

At the annual general meeting of the Company held on 19 May 2005, ordinary resolutions were passed to grant general mandates to the Directors (i) to repurchase, inter alia, Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company in issue as at the date of approving the relevant resolution; and (ii) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of approving the relevant resolution and the nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

These general mandates will expire at the conclusion of the AGM. Resolutions will be proposed at the AGM to grant the General Mandate and the Repurchase Mandate to the Directors. With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

An explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular.

### **HCML SHARE OPTION SCHEME**

In order to enable HCML to attract and retain employees and other personnel having appropriate qualifications and experience, the Directors consider it important that HCML is equipped with the ability to offer such employees and personnel options to acquire equity interest in HCML as a reward and additional incentive for their contribution to the long term success of the business of HCML. A proposal is to be made at the AGM for approval of the HCML Share Option Scheme. Under the HCML Share Option Scheme, options to subscribe for shares in HCML may be offered and granted to employees and directors of HCML and its subsidiaries and other eligible participants specified therein.

The HCML 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 HCML have retained the flexibility to impose such conditions if and when they consider appropriate.

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

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## LETTER FROM THE BOARD

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### **AGM**

Notice convening the AGM is set out on pages 30 and 31 of this circular. At the AGM, resolutions will be proposed to, inter alia, re-elect the Retiring Directors, to approve the granting of the General Mandate and the Repurchase Mandate and to approve the HCML Share Option Scheme. Details of the poll procedures are set out in Appendix IV to this circular.

Form of proxy for the AGM is enclosed. Whether or not you are able to attend the AGM, please complete the form of proxy as instructed 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 meeting. You can still attend and vote at the AGM even if you have completed and sent in the proxy form.

### **RECOMMENDATION**

Your Directors believe that the re-election of the Retiring Directors, the granting of the General Mandate and the Repurchase Mandate and the approval of the HCML Share Option Scheme are all in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that you vote in favour of all the resolutions to be proposed at the AGM.

### **DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the HCML Share Option Scheme is available for inspection at the Company's registered office at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong during normal business hours on any business day up to and including 18 May 2006 and at the AGM.

Yours faithfully,  
For and on behalf of the Board

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



The following is the information, as required to be disclosed by the Listing Rules, on the Retiring Directors proposed to be re-elected at the AGM.

**(1) CHOW WOO Mo Fong, Susan, BSc**

Mrs Chow, aged 52, has been an Executive Director of the Company since 1993 and Deputy Group Managing Director since 1998. She is a solicitor and holds a Bachelor's degree in Business Administration.

In addition, she is an executive director of Cheung Kong Infrastructure Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange) and Hutchison Harbour Ring Limited ("Hutchison Harbour Ring", whose shares are listed on the Main Board of the Stock Exchange), a non-executive director of Hongkong Electric Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange) and TOM Group Limited (whose shares are listed on the Main Board of the Stock Exchange) and a director of Hutchison Telecommunications (Australia) Limited ("Hutchison Telecommunications Australia", whose shares are listed on the Australian Stock Exchange), Partner Communications Company Ltd. ("Partner Communications", whose shares are listed on the Tel-Aviv Stock Exchange with American Depositary Shares quoted on the US NASDAQ and traded on the London Stock Exchange) and Hutchison Global Communications Holdings Limited ("Hutchison Global Communications", whose shares were previously listed on the Main Board of the Stock Exchange). She is also an alternate director of Hutchison Telecommunications International Limited ("Hutchison Telecommunications International", whose shares are listed on the Main Board of the Stock Exchange and its American Depositary Shares are listed on New York Stock Exchange, Inc.) and TOM Online Inc. (whose shares are listed on the Growth Enterprise Market of the Stock Exchange). She was previously a non-executive director of Hutchison Telecommunications International (*resigned on 21 December 2005*).

Mrs Chow also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mrs Chow does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mrs Chow had personal interests in 150,000 Shares, representing approximately 0.0035% of the issued share capital, of the Company within the meaning of Part XV of the SFO. The term of her service as a Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. She is entitled to a director's fee of HK\$100,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year and subject to review by the Board from time to time). The emoluments specified in the service agreement appointing Mrs Chow as the Deputy Group Managing Director of the Company were HK\$7,203,360 per annum (which included her basic salary and allowance) and such amount of discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mrs Chow that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

**(2) LAI Kai Ming, Dominic, BSc, MBA**

Mr Lai, aged 52, has been an Executive Director of the Company since 2000. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

In addition, he is the deputy chairman of Hutchison Harbour Ring and Hutchison Global Communications and a director of Hutchison Telecommunications Australia and priceline.com Incorporated (whose shares are listed on the US NASDAQ). He was previously a director of Partner Communications (*resigned on 26 April 2004*). He has over 25 years of management experience in different industries.

Mr Lai also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr Lai does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr Lai had personal interests in 50,000 Shares, representing approximately 0.0012% of the issued share capital, of the Company within the meaning of Part XV of the SFO. The term of his service as a Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. He is entitled to a director's fee of HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year and subject to review by the Board from time to time). The emoluments specified in the service agreement appointing Mr Lai as an Executive Director of the Company were HK\$4,680,840 per annum (which included his basic salary and allowance) and such amount of discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr Lai that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

**(3) Simon MURRAY, CBE**

Mr Murray, aged 66, has been a Director of the Company since 1984 and is currently an Independent Non-executive Director of the Company.

In addition, he is currently the chairman of General Enterprise Management Services Limited (GEMS), a private equity fund management company owned by Simon Murray & Associates Limited. He is also a non-executive director of Arnhold Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange), Orient Overseas (International) Limited (whose shares are listed on the Main Board of the Stock Exchange) and USI Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange) and a director of Compagnie Financiere Richemont SA (whose shares are listed on the Swiss Stock Exchange) and Sino-Forest Corporation (whose securities are listed on the Toronto Stock Exchange).

He is a non-executive director of Cheung Kong (Holdings) Limited ("Cheung Kong", whose shares are listed on the Main Board of the Stock Exchange) which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr Murray does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

He was previously a director of Hermes International (whose shares are listed on the Paris Euronext Stock Exchange) (*resigned on 8 July 2003*), Pacific Century Regional Developments Ltd. (whose shares are listed on the Main Board of the Singapore Exchange) (*resigned on 26 April 2005*) and SUNDAY Communications Limited (whose shares are listed on the Main Board of the Stock Exchange) (*resigned on 24 September 2004*).

As at the Latest Practicable Date, Mr Murray had personal interests in 87,000 Shares, representing approximately 0.0020% of the issued share capital, of the Company within the meaning of Part XV of the SFO. There is a service agreement entered into between the Company and Mr Murray for the appointment of Mr Murray as an Independent Non-executive Director of the Company for an initial term of 12 months ended on 31 December 2005 which will be automatically renewed for successive 12-month periods, subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. The director's fee specified in the service agreement is HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year and subject to review by the Board from time to time). Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr Murray admitted to two breaches of the repealed Securities (Disclosure of Interests) Ordinance in 2002 for failing to report in a timely manner the purchase of 16,000 Shares on 7 June 2000. The Securities and Futures Commission accepted that Mr Murray had no intention to conceal the purchase and Mr Murray was fined for a total of HK\$8,000.

Save as disclosed above, there are no other matters concerning Mr Murray that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

#### **(4) OR Ching Fai, Raymond, JP**

Mr Or, aged 56, has been a Director of the Company since 2000 and is currently an Independent Non-executive Director of the Company. He was the Chairman of the Hong Kong Association of Banks in 2000 and 2003.

In addition, he is the vice-chairman and chief executive of Hang Seng Bank Limited (whose shares are listed on the Main Board of the Stock Exchange), a non-executive director of Cathay Pacific Airways Limited (whose shares are listed on the Main Board of the Stock Exchange) and Esprit Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange) and a director of The Hongkong and Shanghai Banking Corporation Limited and 2009 East Asian Games (Hong Kong) Limited. He was previously a non-executive director of Bank of Communications Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange) (*resigned on 1 August 2005*).

Mr Or does not have any relationship with other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr Or did not have any interests in Shares within the meaning of Part XV of the SFO. There is a service agreement entered into between the Company and Mr Or for the appointment of Mr Or as an Independent Non-executive Director of the Company for an initial term of 12 months ended on 31 December 2005 which will be automatically renewed for successive 12-month periods, subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. The director's fee specified in the service agreement is HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year

and subject to review by the Board from time to time). Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr Or that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

**(5) William SHURNIAK, LLD**

Mr Shurniak, aged 74, has been a Director of the Company since 1984 and is currently a Non-executive Director of the Company. He is also a member of the Audit Committee of the Company. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada.

In addition, he is a director and chairman of Northern Gas Networks Limited and a director and deputy chairman of Husky Energy Inc. (whose securities are listed on the Toronto Stock Exchange). He was previously a director of Envestra Limited (whose shares are listed on the Australian Stock Exchange) (*resigned on 30 July 2005*).

Mr Shurniak also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr Shurniak does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr Shurniak had personal interests in 165,000 Shares, representing approximately 0.0039% of the issued share capital, of the Company within the meaning of Part XV of the SFO. There is a service agreement entered into between the Company and Mr Shurniak for the appointment of Mr Shurniak as a Non-executive Director of the Company for an initial term of 12 months ended on 31 December 2005 which will be automatically renewed for successive 12-month periods, subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. The director's fee specified in the service agreement is HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year and subject to review by the Board from time to time). Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr Shurniak that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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## **APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration of the Repurchase Mandate.

### **1. Share Capital**

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 4,263,370,780 Shares.

Subject to the passing of Ordinary Resolution No (2) at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 426,337,078 Shares, representing 10% of the issued ordinary share capital of the Company.

### **2. Reasons for Repurchases**

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

### **3. Funding of Repurchases**

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

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the Annual Report for the year ended 31 December 2005 in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

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## APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

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### 4. Share Prices

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months and the period from 1 April 2006 to the Latest Practicable Date were as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
April 2005	70.25	65.75
May 2005	70.75	66.25
June 2005	71.50	67.75
July 2005	76.35	69.55
August 2005	83.05	75.25
September 2005	80.60	75.35
October 2005	81.30	71.75
November 2005	76.70	71.00
December 2005	75.65	72.25
January 2006	80.00	73.00
February 2006	79.35	73.00
March 2006	74.15	70.70
1 April – 13 April 2006	74.15	71.35

### 5. Directors, their undertakings and associates and connected persons

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

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

No connected persons have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to sell any of the Shares held by them to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

### 6. Takeovers Code

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

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## **APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE**

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As at the Latest Practicable Date, subsidiaries of Cheung Kong held together 2,130,202,773 Shares, representing approximately 49.97% of the issued ordinary share capital of the Company and for the purposes of the SFO, each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust (together the "Trust Companies") is taken to have an interest in the same block of 2,130,202,773 Shares. Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors, are also taken to have interest in 11,496,000 Shares held by a unit trust. In addition, Mr Li Ka-shing held 47,577,000 Shares through certain companies in which he is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings and Mr Li Tzar Kuoi, Victor held 1,086,770 Shares through certain companies in which he is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings. For the purposes of the Takeovers Code, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are concert parties and are taken to have interests in a total of 2,190,362,543 Shares representing approximately 51.38% of the issued ordinary share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution No (2) of the AGM, then (if the present shareholdings otherwise remained the same) the aggregate interests of Cheung Kong and the Trust Companies would be increased to approximately 55.82% of the issued ordinary share capital of the Company and similarly, the aggregate interests of both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor would be increased to approximately 57.08% of the issued ordinary share capital of the Company. In the opinion of the Directors, such increase will not give rise to any obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

### **7. Share repurchases made by the Company**

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

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## APPENDIX III PRINCIPAL TERMS OF THE HCML 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:*

**“Adoption Date”** means the date that the HCML Share Option Scheme is adopted by ordinary resolution of the shareholders of HCML in accordance with its Articles of Association or the date that the HCML Share Option Scheme is approved by the Shareholders of the Listed Parent in general meeting, whichever is the later;

**“Applicable Employee”** means any Eligible Employee who (i) together with that Eligible Employee’s family (being his or her spouse and any children under the age of 18 years), has a direct or indirect interest in 0.5% or more of a class of HCML’s shares that have been admitted to trading on a Stock Exchange; or (ii) is likely to be in possession of unpublished price sensitive information in relation to HCML because of his or her employment with the Member of the Group;

**“Associate”** has the meaning given in Chapter 1 of the Listing Rules;

**“Auditors”** means the auditors of HCML from time to time;

**“Balance Option Certificate”** means the certificate issued to an Option Holder in accordance with paragraph 15(c);

**“Board”** means the board of directors of HCML (and, where appropriate, includes any committee or delegate of the Board appointed by the Board to perform any of its functions, including for the avoidance of doubt, the Remuneration Committee);

**“Business Day”** means any day on which clearing banks are open for business in Hong Kong (not being a Saturday or Sunday and being deemed to commence at 9:00 am and finish at 5:00 pm);

**“Connected Person”** has the meaning given in the Listing Rules;

**“Contract”** means, in relation to an employee or Director, his or her contract of employment or service contract with his or her Employer (as amended from time to time), whether or not such Contract is written or oral and comprised in one or more documents;

**“Dealing Day”** means a day on which the recognised Stock Exchange in which the Shares are admitted to trading is open for the transaction of business;

**“Director”** means a director of any Member of the Group;

**“Eligible Employee”** means any employee or Director holding salaried office or employment under a Contract with a Member of the Group;



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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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“**Eligible Person**” means any person who is (or will be on and following the Offer Date) either:

- (i) an Eligible Employee; or
- (ii) a non-executive Director (excluding any Independent Non-Executive Directors),

who is notified by the Board that he or she is an Eligible Person;

“**Employer**” means, in relation to an Eligible Employee, the Member of the Group which employs or has appointed him or her under his or her Contract;

“**Exercise Price**” means, (subject to paragraph 14(c)):

- (i) in respect of the Initial Grants, the price determined by the Board and notified to the relevant Option Holder; and
- (ii) in respect of any other Option, the Market Value of the Shares as at the Offer Date.

The Exercise Price may be adjusted in accordance with paragraph 14.

“**Founders**” means those people who are notified by the Board that he or she is a founder;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**HCML**” means Hutchison China MediTech Limited, a company incorporated in the Cayman Islands with limited liability;

“**HCML Share Option Scheme**” means the new share option scheme of HCML known as “Hutchison China MediTech Limited Share Option Scheme” constituted and governed by the Rules;

“**Independent Non-Executive Director**” means, in relation to any company, a person who is an independent non-executive director of that company within the meaning of Rule 3.11 of the Listing Rules (or, where applicable, the listing rules of the relevant Stock Exchange);

“**Initial Grants**” means the one time initial grants of Options to the Founders and Non-Founders as determined by the Board to recognise their long service and ongoing contributions;

“**Latest Practicable Date**” means 13 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

“**Listed Parent(s)**” means any holding companies (as defined in the Listing Rules) of HCML from time to time, whose shares are listed on the Stock Exchange;

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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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“**Listing**” means the admission of Shares to trading on a Stock Exchange of the ordinary share capital of HCML;

“**Listing Rules**” means the Rules Governing the Listing of Securities on the SEHK as amended from time to time;

“**Market Value**” on any particular day means:

- (i) where Shares of the same class are admitted to trading on any Stock Exchange, the higher of:
  - (a) the average of the closing prices on the five Dealing Days immediately preceding the Offer Date;
  - (b) the closing price of the Shares as stated on the Stock Exchange’s daily quotations sheet of the Shares on the Offer Date; and
  - (c) the nominal value of the Shares; or
- (ii) where Shares of the same class are not admitted to trading on any Stock Exchange, the value of a Share determined in such manner as the Board considers reasonable according to objective criteria;

“**Member of the HCM Group**” means HCML and any of its subsidiaries (as defined in the Companies Law (Cayman Islands)) or affiliates or any other companies which the Board determines will be a Member of the HCM Group;

“**Member of the Group**” means:

- (i) HCML;
- (ii) the Listed Parent(s) and any of their subsidiaries (as defined in the Hong Kong Companies Ordinance (Cap. 32)) as amended from time to time) or affiliates; and
- (iii) any holding company, subsidiaries or affiliates of HCML (as defined in the Companies Law (Cayman Islands)) as amended from time to time) or other companies which the Board determines will be subject to the HCML Share Option Scheme;

“**Non-Founders**” means those people who are notified by the Board that he or she is a non-founder;

“**Offer Date**” means, in relation to an Option, the date on which an Eligible Person is offered such Option pursuant to paragraph 2 which must be a Business Day;

“**Option**” means a right granted under the HCML Share Option Scheme to subscribe for Shares in accordance with the HCML Share Option Scheme;

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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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**“Option Certificate”** means an Option Certificate issued by HCML in accordance with paragraph 4(c) in such form as the Board may determine, and setting out the number of Shares included in the Options, the Exercise Price, Option Period, vesting condition of the Options (if applicable) and any other conditions of exercise as contemplated by the Rules;

**“Option Holder”** means a person holding an Option (and, where relevant, includes his/her personal representatives);

**“Option Period”** means, in relation to an Option, the period (which is notified at the Offer Date and as set out in the Option Certificate) during which the Option may be exercised, such period not to exceed the period of 10 years from the Offer Date of such Option;

**“Other Scheme”** means any other share option scheme involving the grant by HCML or any of its subsidiaries of options over new securities issued by HCML or any of its subsidiaries established by HCML or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules (whether or not before 1 September 2001) or any other share option scheme which is determined by the SEHK to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules;

**“Performance Conditions”** means any conditions imposed by the Board to be satisfied as a pre-condition to the exercise of an Option pursuant to paragraph 6(a);

**“Remuneration Committee”** means the duly constituted remuneration committee of the Board or, before the establishment of a remuneration committee, any duly appointed committee of the Board set up for the purpose of administering the HCML Share Option Scheme;

**“Rules”** means the rules of the HCML Share Option Scheme as amended from time to time;

**“SEHK”** means The Stock Exchange of Hong Kong Limited;

**“Shareholders”** means the holders of the Shares;

**“Share”** means a fully paid ordinary share in the capital of HCML;

**“Stock Exchange”** means a recognised stock exchange (including, for the avoidance of doubt, the Alternative Investment Market of the London Stock Exchange plc);

**“Substantial Shareholder”** has the meaning given in the Listing Rules; and

**“Tax Liability”** means the amount of salaries or other tax and/or social security contributions for which a Member of the Group is required to account to any competent authority by virtue of or in consequence of the grant of an Option or its exercise.

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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

### **1. Purpose**

The purpose of the HCML Share Option Scheme is to provide HCML with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Persons or such other purposes as the Board may approve from time to time.

### **2. Offer of Grant**

Subject to the limits specified in paragraphs 9 and 10 not being exceeded and the restrictions specified in paragraph 10 and any applicable regulatory and legal requirements including, if appropriate, any applicable law or regulatory requirement dealing with the offer of securities to the public and any applicable codes of conduct, the Board may offer the grant to any person who is (or will be on and following the Offer Date) either (i) an Eligible Employee or (ii) a non-executive Director (excluding any Independent Non-Executive Directors), who is notified by the Board that he or she is an Eligible Person, an Option to subscribe for such number of Shares at the Exercise Price in relation to such number of Options under the HCML Share Option Scheme as the Board may determine. An offer of the grant of an Option shall be made to any Eligible Person in such form as the Board may determine from time to time, specifying the number of Shares included in the Option, the Exercise Price, Option Period and other terms of the Option (as referred to in paragraph 6).

### **3. Restrictions on the time of grant of options**

A grant of Options may not 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 published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the SEHK in accordance with the Listing Rules) for the approval of the Listed Parent's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Listed Parent to publish an announcement of its results for any year, half-year, quarterly or any other interim period, whether or not required under the Listing Rules, and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

In addition to the above, if HCML's Shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange, a grant of Options may not be made to a member of the Board or an Applicable Employee during the period commencing two months immediately preceding the (i) publication of HCML's annual results; and (ii) notification of HCML's half-year report or quarterly results (whichever is applicable) to the Regulatory Information Service of the London Stock Exchange.

### **4. Acceptance of Option offer**

- (a) An offer of an Option shall be open for acceptance in writing or by telex or facsimile transmission or (if the Board agrees) by electronic communication received by such person as is designated by the Board for such period (not exceeding 28 days inclusive of, and from, the Offer Date) as the Board may determine and notify to the Eligible Persons concerned. Offers of Options not accepted within this period shall be deemed to have been irrevocably declined. No offer shall be open for acceptance

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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after the expiry of the duration of the HCML Share Option Scheme as specified in paragraph 5 or after any person in receipt of such an offer ceases to be an Eligible Person.

- (b) The grant of an Option shall not have effect until the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Eligible Person is received by HCML in accordance with the above paragraph. For the avoidance of doubt, the grant of an Option by HCML will be deemed to have occurred on the Offer Date unless otherwise declined or lapsed.
- (c) HCML shall issue an Option Certificate to any Eligible Person who has accepted an offer in accordance with the paragraph (a) above under the common seal of HCML (or as otherwise provided for under the Companies Law (Cayman Islands), if applicable) within 7 days after the end of the period for acceptance of the offer referred to in paragraph (a) above.

Option holders are not required to pay for the grant of any Option.

### **5. Period of the HCML Share Option Scheme**

Subject to paragraph 19, the HCML Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted but the provisions of the HCML Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to the expiry of the 10 year period and which are at that time or become thereafter capable of exercise under the Rules, or otherwise to the extent as may be required in accordance with the provisions of the HCML Share Option Scheme.

### **6. Terms of Options**

#### *(a) Performance Conditions*

The Board may in its absolute discretion make, in individual cases, the exercise of an Option conditional on the achievement of objective Performance Conditions which shall be documented in the Option Certificate. The Board may, at its sole discretion, vary, waive or amend any such Performance Condition or may impose entirely different Performance Conditions to those specified in the Option Certificate, to the extent allowable under relevant law or regulatory restrictions.

#### *(b) Minimum Holding Period*

The Board may, at its sole discretion, determine in relation to any grant of Options that the Option Holder shall not be entitled to dispose of or otherwise transfer the Shares issued pursuant to the exercise of any such Option for a minimum holding period specified at the time of grant and which shall be specified in the relevant Option Certificate. In such event, the exercise of such Option shall be conditional on the relevant Option Holder confirming in writing at the time of exercise that he or she continues to be bound by the said minimum holding restriction.

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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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(c) *Additional Terms of Options*

An Option shall be subject to such terms and conditions as may be determined by the Board at the Offer Date and specified in the Option Certificate. Such terms and conditions must not be contrary to the purpose of the HCML Share Option Scheme. These terms and conditions may include, without limitation:

- (i) the number of Shares to which the Option relates;
- (ii) the Exercise Price per Share the subject of the Option;
- (iii) the Offer Date of the Option;
- (iv) (if applicable) any Performance Conditions to which exercise of the Option is subject;
- (v) the period an Option must be held before it will vest (if any);
- (vi) (if applicable) any minimum holding period; and
- (vii) lapse conditions which may be different from those in paragraph 13 (but not so as to extend the Option Period beyond 10 years or to provide an advantage to an Option Holder without approval of the shareholders of the Listed Parent (where required)).

(d) *Tax Liability*

It shall be a term of grant of an Option that an Option Holder shall be liable to pay to HCML or any Member of the Group an amount equal to the aggregate amount of any Tax Liability before the due date for payment of such amount by a Member of the Group. In that event that a Tax Liability becomes due on the exercise of an Option, the Option may not be exercised unless the Option Holder has either:

- (i) made a payment to HCML or relevant Member of the Group of an amount equal to such Tax Liability; or
- (ii) entered into arrangements with HCML or other Member of the Group to secure that such payment is made, whether by authorising the relevant company to procure the sale on his or her behalf of some or all of the Shares to be issued or transferred to the Option Holder on the exercise of the Option and authorising the payment to the relevant company of the relevant amount of the proceeds of sale or otherwise.

Providing that subject to paragraph 17, the Board may at any time (i) waive any provision or matter specified in an Option Certificate pursuant to this paragraph; or (ii) vary or amend any term or condition attaching to an Option with the agreement of the Option Holder (unless otherwise permitted to do so in the Board's sole discretion in accordance with these Rules, in which case the agreement of the Option Holder is not required), if the Board determines that circumstances exist when to do so would be consistent with the purpose of the HCML Share Option Scheme.

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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### **7. Non-transferability of Options**

Except for the transmission of an Option on the death of an Option Holder to his/her personal representatives, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option Holder to any other person. If an Option Holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

### **8. Exercise Price**

The Exercise Price will be (subject to paragraph 14(c)), (i) in the case of the Initial Grants, the price determined by the Board and notified to the relevant Option Holder; and (ii) in respect of any other Option, the Market Value of the Shares as at the Offer Date.

### **9. Maximum number of Shares subject to the HCML Share Option Scheme**

- (a) Subject to paragraphs (b), (c) and (d) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the HCML Share Option Scheme (including the Initial Grants) must not in aggregate exceed 5% of the Shares of HCML in issue as at the date of HCML's Listing. Options lapsed in accordance with the terms of the HCML Share Option Scheme will not be counted for the purpose of calculating the 5% limit.
- (b) Subject to paragraph (e) below if applicable, the Board may (with the approval of the shareholders of the Listed Parent in general meeting if required to do so under the Listing Rules) "refresh" the 5% limit under paragraph (a) above (and may further "refresh" such limit in accordance with the provisions of this paragraph provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the HCML Share Option Scheme and any options to be granted under any Other Scheme under the limit as "refreshed" shall not exceed 10% of the Shares of HCML in issue at the date on which shareholders of the Listed Parent approve the "refreshed" limit (where applicable). Options previously granted under the HCML Share Option Scheme and any Other Scheme (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".
- (c) The Board may grant Options to any Eligible Person or Eligible Persons specifically identified by it which would cause the limit under paragraph (b) above (including, for the avoidance of doubt, any such limit as "refreshed" under paragraph (c) above) to be exceeded, but only with the approval of the shareholders of HCML in general meeting (and by the shareholders of the Listed Parent, if required under the Listing Rules), and subject always to paragraph 9(d) below and paragraphs 10 and 11.
- (d) The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and not yet exercised under the HCML Share Option Scheme and any options granted and not yet exercised under any Other Schemes must not exceed 10% of the Shares of HCML in issue from time to time.

### **10. Individual limit**

- (a) Subject to paragraph (b) below (and subject always to paragraph 9(d) and paragraph 11), the Board shall not grant any Options (the "Relevant Options") to any Eligible Person which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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Shares already issued or to be issued to him or her under all Options (including both exercised and outstanding Options) granted to him or her in the 12-month period up to and including the Offer Date of the Relevant Options, exceeds 1% of the Shares in issue at such date.

For the avoidance of doubt, Shares which are not capable of issue because the Relevant Options have lapsed in accordance with the provisions of the HCML Share Option Scheme shall not be counted toward the limit set out in the paragraph immediate above.

- (b) Notwithstanding paragraph (a) above, the Board may grant Options to any Eligible Person or Eligible Persons which would cause the limit under the above paragraphs in relation to such Eligible Person to be exceeded, but only with the approval of the shareholders of the Listed Parent in general meeting (with such Eligible Person and his or her Associates abstaining from voting), and subject always to paragraph 9(d).

### **11. Restrictions on grant to key individuals**

Each grant of Options to an Eligible Person who is a director (including an Independent Non-Executive Director), chief executive or Substantial Shareholder of the Listed Parent(s), or any of their respective Associates, under the HCML Share Option Scheme and any Other Schemes must be approved by the Independent Non-Executive Directors of the Listed Parent (excluding any Independent Non-Executive Director who is the proposed grantee of the Options).

Where any grant of Options to a Substantial Shareholder or an Independent Non-Executive Director of HCML, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted under the HCML Share Option Scheme (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000, such grant of Options must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll) and, where HCML has Listed Parent(s), by the shareholders of the Listed Parent(s) in general meeting. Any Shareholder who is a Connected Person of HCML must abstain from voting in favour of the resolution to approve such grant of Options.

Options representing approximately 1.5% of the Shares in issue as at the date of Listing have been granted to Mr. Christian Hogg, Director of HCML at exercise price to be determined by the Board by reference to the cost of investment of the Listed Parent(s) in HCML at the time of Listing and on other terms specifically applicable to Founders and generally applicable to Option Holders as described in this Appendix III. Such grant is subject to approval by the shareholders of the Listed Parent(s) in general meeting.

### **12. Time of exercise of option and vesting**

Initial Grants granted to Founders will vest as to 50% on the date one calendar year after a Listing, as to a further 25% on the date two calendar years after a Listing and as to the final 25% on the date three calendar years after a Listing.

Initial Grants granted to Non-Founders will vest as to one third on the date one calendar year after a Listing, as to a further one third on the date two calendar years after a Listing and as to the final one third on the date three calendar years after a Listing.



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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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Provided that where the computation of the number of Shares in respect of which the Option vests shall result in a fraction of a Share, the number of Shares shall be rounded down to the nearest whole Share and the fraction shall be carried forward and added to the number of Shares in respect of which the Option vests at the next available vesting date.

### 13. Lapse and Cancellation of Options

#### (a) *Lapse on expiry of Option Period*

An Option shall upon the occurrence of any of the following events, whichever is the earliest, immediately lapse automatically insofar as it has not been exercised (i) the expiry of the Option Period; or (ii) the date when any circumstance referred to in paragraph 7 occurs; or (iii) subject to paragraph (b), (e) and (h) below, on an Option Holder ceasing to be an Eligible Person.

#### (b) *Lapse on Cessation of Employment for death, illness or retirement*

Subject to paragraph (c) below, if an Option Holder ceases to be an Eligible Employee by reason of:

- (i) the Option Holder's death; or
- (ii) the Option Holder's serious illness or injury which, in the opinion of the Board, renders the Option Holder concerned unfit to perform the duties of his or her employment and which in the normal course would render the Option Holder unfit to continue performing the duties under his or her Contract for the following 12 months provided such illness or injury is not self-inflicted; or
- (iii) the Option Holder's retirement on reaching the applicable retirement age in accordance with the terms of an Option Holder's Contract or applicable company policy (if any); or
- (iv) the Option Holder's early retirement by agreement with the Option Holder's Employer,

then, subject to paragraph 15(d), any outstanding offer of an Option which has not been accepted under paragraph 4 and any unvested Option will immediately lapse and the Option Holder or his or her personal representatives (if appropriate) may (subject to paragraph(s) (a)(i) and (a)(ii) above) exercise all his or her vested Options as at the date of cessation of employment or directorship within a period of twelve months thereafter or such longer period as the Board may determine. Any vested Option not exercised prior to the expiry of the above-mentioned periods shall lapse.

#### (c) *Lapse on termination for cause*

If the Board determines that any Option Holder (including an Option Holder who has ceased to be an Eligible Employee in circumstances such that his or her Options continue to subsist in accordance with paragraph (b) above and paragraph (d) below) is guilty of any misconduct or any other conduct which would justify the termination of his or her Contract or appointment for cause (or, in the case of an Option Holder who has ceased to be an employee, would have justified the termination of his or her Contract for cause but which does not become known to HCML until after he or she

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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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has ceased employment with any Member of the Group), then Option (whether vested or unvested) held by the Option Holder shall immediately lapse (unless the Board resolves otherwise in its absolute discretion).

(d) *Lapse on Cessation of Employment for any other reason*

Subject to paragraph (c) above, if an Option Holder ceases to be an Eligible Employee for any reason other than those set out in paragraph (b) above, then, subject to paragraph 15 (d), any outstanding offer of an Option which has not been accepted under paragraph 4 and any unvested Option will immediately lapse and the Option Holder or his or her personal representatives (if appropriate) may (subject to paragraphs (a)(i) and (a)(ii) above) exercise all his or her vested Options as at the date of cessation of employment or directorship within a period of 30 days thereafter or such longer period as the Board may determine. Any vested Option not exercised prior to the expiry of the above-mentioned period shall immediately lapse.

For the purposes of this paragraph, an Option Holder will not be treated as ceasing to be an Eligible Employee if he or she is re-employed by a Member of the HCM Group within seven days. He or she will also not be treated as ceasing to be an Eligible Employee unless he or she ceases to be an employee of any Member of the HCM Group.

(e) *Lapse on a general offer after Listing*

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person associated with or acting in concert with the offeror) after Listing, HCML shall use all reasonable endeavours to procure that such offer is extended to all the Option Holders on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them (whether at the time vested or unvested), Shareholders. If such offer becomes or is declared unconditional or such scheme or arrangement is formally proposed to Shareholders, the Option Holder shall, notwithstanding any other terms on which his or her Options were granted (provided that any Performance Condition must first be satisfied)), be entitled to exercise his or her vested and unvested Options at any time up until:

- (i) the close of such offer (or any revised offer); or
- (ii) the record date for entitlements under a scheme of arrangement,

as applicable (the "Closing Date"). The Options will immediately lapse on the Closing Date.

(f) *Lapse on winding-up*

If notice is duly given of a resolution for the voluntary winding-up of HCML, vested Options may (subject to paragraph 15(d) and paragraph 13(a)) be exercised prior to the date of the resolution. The Option Holder shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of HCML available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolutions.

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## APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME

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(g) *Cancellation of Options*

Notwithstanding any other provision in this HCML Share Option Scheme (except for paragraph 17), the Board may cancel any Option. Unless the Option Holder otherwise agrees, the Board may only cancel an Option if, at the election of the Board:

- (i) HCML pays to the Option Holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board, after consultation with the Auditors or an independent financial adviser appointed by the Board; or
- (ii) the Board offers to grant to the Option Holder replacement Options (or options under any Other Scheme) of equivalent value to the Options to be cancelled as determined by the Board, after consultation with the Auditors or an independent financial adviser appointed by the Board, provided that the grant of such replacement Options (or options under any Other Scheme) shall not cause the limits set out in paragraphs 9 and 10 to be breached; or
- (iii) the Board makes such arrangements as the Option Holder may agree to compensate him or her for the cancellation of the Option.

(h) *Lapse in other circumstances*

In relation to any Option Holder who is not an Eligible Employee, the Board may specify at the Offer Date any circumstances in which the Option may lapse.

### 14. Reorganisation of capital structure

- (a) Subject to paragraph (b) below, in the event of any alteration in the capital structure of HCML whilst any Option remains outstanding, whether by way of capitalisation of profits or reserves, rights issue of Shares, consolidation or subdivision of Shares or reduction of the share capital of HCML in accordance with applicable laws and regulatory requirements (other than an issue of any share capital in satisfaction of a dividend in accordance with applicable laws or an issue of Shares as consideration in respect of a transaction to which HCML is a party), such corresponding adjustments (if any) shall be made to (i) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or (ii) the price at which the Options are exercisable, as the Auditors or independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable.
- (b) The maximum number of Shares subject to the HCML Share Option Scheme and the individual limits referred to in paragraph 9(e) and paragraph 11 will be adjusted, in such manner as the Auditors or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of HCML whether by way of capitalisation of profits or reserves, rights issue of Shares, consolidation or subdivision of Shares or reduction of the share capital of HCML provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which HCML is a party or an issue of any share capital in satisfaction of a dividend in accordance with applicable laws.
- (c) In respect of any Option granted either: (i) after a Listed Parent(s) has resolved to seek a separate Listing of HCML and up to the date of the Listing; or (ii) during the period commencing 6 months before the lodgement of Form A1 to the SEHK in relation to a Listing on the Main Board of the SEHK (or an equivalent application in

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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the case of a Listing on another stock exchange), up to the date of the Listing, and where the Exercise Price notified to an Option Holder is less than the issue price of the Shares on Listing, the Exercise Price shall be adjusted to the issue price of the Shares on Listing and no Option (to which this Rule applies) shall be exercised at an Exercise Price below such issue price.

### **15. Manner of exercise of Options**

- (a) Any Option (i) which has vested; (ii) in respect of which any conditions attaching to the Option have been satisfied or waived by the Board in its sole discretion; and (iii) which has not lapsed, may be exercised at any time, provided that the restriction in paragraph (d) below is not breached.
- (b) An Option Holder may exercise any or all of his or her Options by notice of exercise in writing in such form as the Board may from time to time require delivered to such person as is designated by the Board. The notice of exercise of the Option must be completed, signed by the Option Holder or by his or her appointed agent, and must be accompanied by (i) the relevant Option Certificate or Balance Option Certificate; and (ii) correct payment in full of the total Exercise Price for the number of Shares being subscribed for.
- (c) Where an Option is exercised only in part the balance shall remain exercisable on the same terms as originally applied to the whole Option and a Balance Option Certificate shall be issued accordingly by HCML as soon as possible after the partial exercise. A Balance Option Certificate shall state the remaining number of Shares over which the Option remains capable of Exercise and shall be in such form as the Board may from time to time determine.
- (d) No Option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

### **16. Rights**

No dividends (including distributions made upon the liquidation of HCML) will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of exercise. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of exercise.

### **17. Amendments to the HCML Share Option Scheme**

Subject to the provisions of this paragraph, the Board may amend any of the provisions of the HCML Share Option Scheme (including, without limitation, amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of the HCML Share Option Scheme, other than those imposed by Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Option Holder at that date).

Subject to the provisions of this paragraph, the Board may in its absolute discretion provide that any amendment to the provisions of the HCML Share Option Scheme shall apply only to particular Members of the Group which the Board specifies in writing.

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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The Shareholders in general meeting must approve in advance by ordinary resolution any proposed amendment which is to the advantage of present or future Option Holders, and which relates to any of the following:

- (a) the purpose of the HCML Share Option Scheme;
- (b) the definitions of “Eligible Employee” or “Eligible Person”;
- (c) the limitations on the total number of Shares which may be issued upon exercise of all Options to be granted under the HCML Share Option Scheme as provided for in paragraphs 9(a), 9(b), 9(c) and 9(d);
- (d) the maximum entitlement of each Eligible Person under the HCML Share Option Scheme as provided in paragraph 10;
- (e) the definition of “Option Period”;
- (f) the terms of paragraphs 6(a) and 6(b);
- (g) the terms of paragraph 4 regarding payment on grant;
- (h) the basis of determination of the Exercise Price under the HCML Share Option Scheme;
- (i) the voting, dividend, transfer and other rights, including those arising on liquidation of HCML attaching to the Options (if applicable) and the Shares falling to be issued upon exercise of the Options;
- (j) the duration of the HCML Share Option Scheme under paragraph 5;
- (k) the circumstances under which Options automatically lapse under paragraphs 13(a), 13(b), 13(c), 13(d) and 13(e);
- (l) the adjustment provisions applicable in the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction or any other variation of the share capital of HCML under paragraph 14;
- (m) the cancellation of Options under paragraph 13(g);
- (n) the treatment of Options on termination of the HCML Share Option Scheme under paragraph 19;
- (o) the restriction on the transfer of Options under paragraph 7; or
- (p) the terms of this paragraph.

Any amendment to the terms and conditions of these Rules which are of a material nature may only be made with the approval of the Shareholders save where the amendments take effect automatically under these Rules.

Any amendments to the HCML Share Option Scheme which require the approval of the Shareholders in a general meeting will also require the approval of the shareholders of the Listed Parents (if applicable) in general meeting, such approval to be obtained as nearly simultaneously with the approval of the Shareholders as may be reasonably practicable.

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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### **18. Amendments to terms of Options**

Any material amendments to the terms and conditions of any Options granted under the HCML Share Option Scheme may only be made with the approval of the Shareholders in general meeting save where the amendments take effect automatically under these Rules.

Where the terms and conditions of Options granted to an Eligible Person who is a Substantial Shareholder or an Independent Non-Executive Director of HCML, or any of their respective Associates, are to be amended, the resolution of the Shareholders to approve the amendment must be taken on a poll and any Connected Person must abstain from voting in favour of the resolution to approve such amendment.

Where HCML has one or more Listed Parents, any amendment under above paragraphs may only be made with the approval of the shareholders of the Listed Parent(s) in general meeting, such approval to be obtained as nearly simultaneously with the approval of the Shareholders as referred to in above paragraphs as may be reasonably practicable.

### **19. Termination of the HCML Share Option Scheme**

#### *(a) Termination by Board*

The Board may terminate the HCML Share Option Scheme at any time by resolving that no further Options shall be granted under the HCML Share Option Scheme. If the Board decides to terminate the HCML Share Option Scheme under this paragraph, then no new offers to grant Options under the HCML Share Option Scheme will be made and the Board may determine whether Options which have been previously granted but not yet exercised shall either (i) continue to be subject to these Rules (which shall remain in full force and effect to the extent necessary to give effect to such Options); or (ii) be cancelled in accordance with paragraph 13(g).

#### *(b) Automatic termination*

The HCML Share Option Scheme will terminate automatically in accordance with paragraph 5 at midnight on the day immediately before the 10th anniversary of the Adoption Date on expiry of the duration of the HCML Share Option Scheme as provided for in paragraph 5.

#### *(c) Termination by the Shareholders*

The HCML Share Option Scheme may be terminated at any time with the approval of the Shareholders. Following the termination of the HCML Share Option Scheme under this paragraph (i) no new offers to grant Options under the HCML Share Option Scheme will be made; and (ii) Options which have been previously granted but not yet exercised shall continue to be valid and exercisable in accordance with these Rules unless otherwise cancelled in accordance with paragraph 13(g).

### **20. Suspension**

The Remuneration Committee may in the event of specific and unusual circumstances (including but not limited to capital operations requiring adjustment or redefinition of the share capital of HCML or significant negative variations in the profit and loss statement or balance sheet of HCML) at any time suspend the exercise of subsisting Options to the extent not contrary to relevant law. Each suspension(s) shall not be for more than three months and shall not exceed twelve months in total. The Remuneration Committee shall

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## **APPENDIX III PRINCIPAL TERMS OF THE HCML SHARE OPTION SCHEME**

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give at least eight days written notice to the subsisting Options Holders specifying the starting date of suspension, its duration and the expected date of resumption of the relevant suspended rights.

### **21. Conditions**

The HCML Share Option Scheme is conditional on the approval of the shareholders of the Listed Parent in general meeting.

### **22. Administration**

The responsibility for administration of the HCML Share Option Scheme shall rest with the Board or a duly constituted committee of the Board. In addition, the Board may appoint an administrator or administrators in relation to the HCML Share Option Scheme (or certain aspects thereof) on such terms as the Board may determine. The decision of the Board on the interpretation of the Rules or as to whether any circumstances exist which may affect the treatment of any Option or any Option Holder under these Rules or in any dispute relating to any Option or matter relating to the Scheme will be final and binding (in the absence of manifest error).

The Board may establish such guidelines or rules for the administration of the HCML Share Option Scheme as it may from time to time determine are appropriate provided such rules or guidelines are consistent with the Rules of the HCML Share Option Scheme. In case of any inconsistency between the Rules of the HCML Share Option Scheme and any guidelines or rules set out by the Board, the former shall prevail. The Board may, in its absolute discretion, set out different guidelines or rules for the administration of the HCML Share Option Scheme to apply to particular groups of Eligible Persons and/or to particular Members of the Group.

### **23. Value of all options**

HCML is currently an unlisted wholly owned subsidiary of the Listed Parent and the options relate to these unlisted shares. Based on the best estimate of the Board and taking into consideration the losses incurred by HCML, prevailing market perception, the option exercise price and HCML being an unlisted company, the value of the options were estimated to be not material to the Listed Parent's group.

Articles 58 to 61 of the Articles of Association set out the procedures under which a poll may be demanded.

At any general meeting 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.

A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

A poll demanded on the election of a chairman or on a question of adjournment shall take forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need to be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.



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## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE is hereby given that the Annual General Meeting of Shareholders 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, 18 May 2006 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Audited Accounts and Reports of the Directors and Auditors for the year ended 31 December 2005.
2. To declare a final dividend.
3. To elect Directors.
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass the following Ordinary Resolutions:

### **Ordinary Resolutions**

- (1) "THAT a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional ordinary shares of the Company not exceeding 20% of the existing issued ordinary share capital of the Company."
- (2) "THAT:
  - (A) subject to paragraph (B) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares of HK\$0.25 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
  - (B) the aggregate nominal amount of ordinary shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
  - (C) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of
    - (i) the conclusion of the next Annual General Meeting of the Company;
    - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
    - (iii) 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."
- (3) "THAT the general mandate granted to the Directors to issue and dispose of additional ordinary shares pursuant to Ordinary Resolution No (1) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the ordinary share capital of the Company repurchased by the Company under the authority granted pursuant to

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## NOTICE OF ANNUAL GENERAL MEETING

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Ordinary Resolution No (2) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of this Resolution.”

- (4) “THAT, with effect from the conclusion of the meeting at which this resolution is passed, the rules of the share option scheme of Hutchison China MediTech Limited (“HCML”, a wholly owned subsidiary of the Company) (a copy of which has been produced to the meeting and marked “A”) (the “HCML Share Option Scheme”) and the granting of options representing approximately 1.5% of the shares of HCML in issue as at the date of listing of HCML to Mr. Christian Hogg (director of HCML), be and they are hereby approved and that the Directors of the Company, acting together, individually or by committee, be and they are hereby authorised to approve any amendments to the rules of the HCML Share Option Scheme as may be acceptable or not objected to by The Stock Exchange of Hong Kong Limited, and to take all such steps as may be necessary, desirable or expedient to carry into effect the HCML Share Option Scheme subject to and in accordance with the terms thereof with effect from the conclusion of the meeting at which this resolution is passed.”

The Register of Members of the Company will be closed from Thursday, 11 May 2006 to Thursday, 18 May 2006 both days inclusive.

By Order of the Board

**Edith SHIH**  
Company Secretary

Hong Kong, 20 April 2006

Notes:

1. *In order to qualify for the final dividend payable on Friday, 19 May 2006, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars, Computershare Hong Kong Investor Services Limited, for registration not later than 4:00 pm, Wednesday, 10 May 2006.*
2. *Only members are entitled to attend and vote at the meeting.*
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 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 the vote by way of a poll.*
5. *With respect to Ordinary Resolution No (1), the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the members under Ordinary Resolution No (1) as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.*
6. *A circular containing the information regarding, inter alia, the Retiring Directors, the general mandates to issue and repurchase shares of the Company and the HCML Share Option Scheme will be sent to the Shareholders together with the Company’s 2005 Annual Report.*