

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Hutchison Whampoa Limited 

(incorporated in Hong Kong with limited liability)

(Stock Code: 13)

Discloseable Transaction and Inside Information

Strategic Review of the A.S. Watson & Company, Limited retail businesses and Investment by Temasek of 24.95% in Retail Division

The Board is pleased to inform its shareholders and potential investors that it has completed its strategic review of the options for maximising the value of the A.S. Watson & Company, Limited retail businesses, and concluded that it should enter into a strategic alliance with Temasek by Temasek taking up an indirect equity interest of 24.95% in A.S. Watson Holdings.

In relation to the strategic alliance with Temasek, the Subscription Agreement was entered into on 21 March 2014 pursuant to which the Investor, a wholly owned subsidiary of Temasek, has agreed to subscribe, on Completion, for the Subscription Shares on the terms and conditions set out in the Subscription Agreement for a total cash consideration of approximately HK\$44 billion which will be used to discharge debts owing by the Retail Division to the HWL Group arising from certain internal reorganisation within the Retail Division. Through the Transaction, Temasek will take up an indirect equity interest of 24.95% in A.S. Watson Holdings which at Completion will be the holding company for the entire Retail Division. After Completion, the Company's indirect equity interest in A.S. Watson Holdings (and therefore the portion of the Retail Division attributable to the Company) will be 75.05% and the Company will retain control of A.S. Watson Holdings and the Retail Division.

The implementation and completion of the Transaction is subject to a number of conditions, including, among others, the completion of the internal reorganisation. Thus there is no assurance that the Transaction will be implemented and completed. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 14.34 of the Listing Rules and the provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board is pleased to inform its shareholders and potential investors that it has completed its strategic review of the options for maximising the value of the A.S. Watson & Company, Limited retail businesses, and concluded that it should enter into a strategic alliance with Temasek by Temasek taking up an indirect equity interest of 24.95% in A.S. Watson Holdings.

The Transaction will allow the Group to partially unlock the value of its A.S. Watson group of businesses and set an important valuation benchmark for the Group's remaining interests. The Transaction values the Retail Division at approximately HK\$177 billion, which represents approximately HK\$41.50 per share for shareholders of the Company.

The Company and Temasek have agreed to work together towards listing the Retail Division at a suitable time.

In relation to the strategic alliance with Temasek, the Subscription Agreement was entered into on 21 March 2014 pursuant to which the Investor, a wholly owned subsidiary of Temasek, has agreed to subscribe, on Completion, for the Subscription Shares on the terms and conditions set out in the Subscription Agreement for a total cash consideration of approximately HK\$44 billion which will be used to discharge debts owing by the Retail Division to the HWL Group arising from certain internal reorganisation within the Retail Division. Through the Transaction, Temasek will take up an indirect equity interest of 24.95% in A.S. Watson Holdings which at Completion will be the holding company for the entire Retail Division. After Completion, the Company's indirect equity interest in A.S. Watson Holdings (and therefore the portion of the Retail Division attributable to the Company) will be 75.05% and the Company will retain control of A.S. Watson Holdings and the Retail Division.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the Investor and its ultimate beneficial owner are third parties independent of the Company and of connected persons of the Company.

On Completion, the Group will realise a credit to total equity of approximately HK\$43 billion. Under relevant accounting rules as the Transaction does not result in the Retail Division ceasing to be controlled by the Company, no profit or loss will be realised on the Transaction in the consolidated financial statements of the Company. The net proceeds derived by the Group from the Transaction of approximately HK\$43 billion will, subject to Completion and approval of the Board, be used by the Company to pay a special dividend of HK\$7 per share to its shareholders and the balance will be used by HWL Group for its general working capital purposes. After Completion, the Company will retain control of A.S. Watson Holdings and the Retail Division.

TRANSACTION

Date

21 March 2014

Parties

- (1) HIL
- (2) Investor
- (3) A.S. Watson Holdings

Transaction

Investor has agreed to subscribe, on Completion, for the Subscription Shares on the terms and conditions set out in the Subscription Agreement. Through the Transaction, Temasek will take up an indirect equity interest of 24.95% in A.S. Watson Holdings. After Completion, the Company's indirect equity percentage in A.S. Watson Holdings (and therefore the portion of the Retail Division attributable to Company) will be 75.05% and the Company will retain control of A.S. Watson Holdings and the Retail Division.

The audited net assets value attributable to shareholders of A.S. Watson Holdings as at 29 December 2013 was approximately HK\$9.2 billion. The audited net profits before taxation of A.S. Watson Holdings for the financial years ended 30 December 2012 and 29 December 2013

were approximately HK\$8.8 billion and approximately HK\$10 billion respectively. The audited net profits after taxation and extraordinary items attributable to shareholders of A.S. Watson Holdings for the financial years ended 30 December 2012 and 29 December 2013 were approximately HK\$6.9 billion and approximately HK\$7.8 billion respectively.

At Completion, HIL, Corridon (an indirect wholly owned subsidiary of the Company and the direct shareholder of A.S. Watson Holdings), the Investor and A.S. Watson Holdings will enter into a shareholders' agreement in respect of A.S. Watson Holdings.

Consideration

The total cash consideration for the indirect equity interest in A.S. Watson Holdings being taken up by Temasek is approximately HK\$44 billion, all payable on Completion. Such consideration has been arrived at after arm's length negotiations having regard to various relevant factors including the prevailing commercial and business conditions in which A.S. Watson Holdings operates as well as the potential valuation of the Retail Division from an IPO.

Completion

Subject to the satisfaction of a number of conditions including the completion of certain internal reorganisation within the Retail Division, Completion is scheduled to take place in mid-April 2014 or such other date as A.S. Watson Holdings and the Investor may agree.

REASONS FOR, BENEFITS OF, THE TRANSACTION

The Retail Division is one of six core businesses of the Group. The Transaction follows the completion of the Group's strategic review of its options for maximising the value and future growth potential of the A.S. Watson & Company, Limited retail businesses. This strategic review process included inter alia the consideration of the possibility of public offerings (whilst retaining control) in all (with the exception of the Marionnaud Business) or some of the retail businesses in appropriate markets.

The Transaction will allow the Group to partially unlock the value of its A.S. Watson group of businesses and set an important valuation benchmark for the Group's remaining interests. The Transaction values the Retail Division at approximately HK\$177 billion, which represents approximately HK\$41.50 per share for shareholders of the Company.

The terms of the Subscription Agreement were reached based on arms' length negotiations. The directors of the Company consider the Subscription Agreement to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

On Completion, the Group will receive approximately HK\$44 billion gross proceeds and net proceeds of approximately HK\$43 billion, which will, subject to Completion and approval of the Board, be used by the Company to pay a special dividend of HK\$7 per share to its shareholders and the balance will be used by the HWL Group for its general working capital purposes.

FINANCIAL EFFECTS OF THE TRANSACTION

On Completion, the Group will realise a credit to total equity of approximately HK\$43 billion. Under relevant accounting rules, as the Transaction does not result in the Retail Division ceasing to be controlled by the Company, no profit or loss will be realised on this Transaction in the consolidated financial statements of the Company. The net proceeds derived by the Group from the Transaction of approximately HK\$43 billion will, subject to Completion and approval of the Board, be used by the Company to pay a special dividend of HK\$7 per share to its shareholders

and the balance will be used by HWL Group for its general working capital purposes. After Completion, the Company will retain control of A.S. Watson Holdings and the Retail Division.

LISTING RULES IMPLICATIONS

The Transaction constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules and a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, as one or more of the relevant percentage ratios is or are more than 5% but less than 25%. The entering into of the Transaction is therefore exempt from the shareholders' approval requirements and is only subject to the reporting and announcement requirements set out in the Listing Rules.

GENERAL

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

Incorporated in 1974, Temasek is an investment company based in Singapore. Temasek's portfolio covers a broad spectrum of industries: financial services; telecommunications, media and technology; transportation and industrials; life sciences, consumer and real estate; as well as energy and resources.

The implementation and completion of the Transaction is subject to a number of conditions, including, among others, the completion of the internal reorganisation. Thus there is no assurance that the Transaction will be implemented and completed. Accordingly, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“A.S. Watson Holdings”	A.S. Watson Holdings Limited, a limited liability company incorporated under the laws of the Cayman Islands; an indirect wholly owned subsidiary of the Company which will, on or before Completion, be the holding company of the Retail Division
“Board”	the board of directors of the Company
“Company”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 13)
“Completion”	the completion of the Transaction subject to and in accordance with the terms and conditions of the Subscription Agreement
“Corridon”	Corridon Limited, a limited liability company incorporated under the laws of the British Virgin Islands; an indirect wholly owned subsidiary of the Company
“HIL”	Hutchison International Limited, a limited liability company incorporated under the laws of Hong Kong; a direct wholly owned subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HWL Group”	the Company and its subsidiaries (excluding A.S. Watson Holdings and its subsidiaries)
“Group”	the Company and its subsidiaries
“IPO”	initial public offering
“Investor”	Mayon Investments Pte Limited, a wholly owned subsidiary of Temasek
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Marionnaud Business”	the luxury perfumeries and cosmetics retail business under the Marionnaud brand currently operating in France, Switzerland, Italy, Austria, Spain, Czech Republic, Hungary and other Central European countries
“PRC”	the People’s Republic of China
“Retail Division”	the retail division of the HWL Group consisting of the A.S. Watson group of companies and excluding the Marionnaud Business
“SFO”	the Securities and Futures Ordinance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 21 March 2014 entered into between HIL, the Investor and A.S. Watson Holdings in connection with the subscription by the Investor of the Subscription Shares
“Subscription Shares”	the number of fully paid shares in the issued share capital of A.S. Watson Holdings that would immediately post-issue represent 24.95% of the entire issued share capital of A.S. Watson Holdings (on a fully diluted basis)
“Temasek”	Temasek Holdings (Private) Limited, a limited liability company incorporated under the laws of the Republic of Singapore
“Transaction”	the subscription for an indirect equity interest of 24.95% in A.S. Watson Holdings by Temasek pursuant to the Subscription Agreement

For the purpose of this announcement and for reference only, exchange rate of US\$1.00 to HK\$7.8 is adopted.

By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 21 March 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors:

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

Independent Non-executive Directors:

The Hon Sir Michael David KADOORIE
Mr Holger KLUGE
Ms LEE Wai Mun, Rose
Mr William Elkin MOCATTA
(*Alternate to The Hon. Sir Michael David Kadoorie*)
Mr William SHURNIAK
Mr WONG Chung Hin

Non-executive Directors:

Mr LEE Yeh Kwong, Charles
Mr George Colin MAGNUS