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**Hutchison Telecom
Hong Kong Holdings**

Hutchison Telecommunications Hong Kong Holdings Limited
和記電訊香港控股有限公司

*(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 215)*

**VERY SUBSTANTIAL DISPOSAL
RELATING TO THE SALE OF
HUTCHISON GLOBAL COMMUNICATIONS
INVESTMENT HOLDING LIMITED**

THE TRANSACTION

The Board is pleased to announce that on 29 July 2017, the Company (as seller) and Asia Cube Global Communications Limited (as purchaser) entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell its entire interest in HGC, which holds the Group's fixed-line telecommunications business, to the Purchaser for a Consideration of HK\$14,497 million in cash.

The Consideration of HK\$14,497 million for the Transaction will be paid in cash to the Company on Closing and will be adjusted following Closing to take account of External Debt, Cash, Working Capital and Capex Spend as at the Closing Statement Date. Following Closing, the final Consideration will be determined and any adjustment amount will be paid by the Purchaser or the Company (as the case may be).

Closing of the Transaction is conditional on the Transaction having been approved by the Shareholders. Subject to the fulfilment of this condition, Closing is expected to take place in or around October 2017.

CKH Holdings, which has an interest in approximately 66.09% of the issued Shares as at the date of this announcement, has undertaken to the Company to procure that the voting rights attaching to such Shares will be voted in favour of the resolution to approve the Transaction at the EGM.

In connection with the Transaction, the Company and the Purchaser have agreed, among other things, that:

- (a) the Company will provide certain transitional services to the HGC Group for a maximum period of 12 months after Closing (with a shorter time period for certain services);

- (b) for a period of 36 months after the Closing Date, the Company will ensure that neither it, nor any member of the Group, will subject to certain exceptions, (i) establish, maintain or operate fixed-line telecommunications network or services in Hong Kong or Wi-Fi network or services in Hong Kong; (ii) operate any data centre facility in Hong Kong; or (iii) provide any data centre service in Hong Kong; and
- (c) on Closing, HTSL, HTHK and HGC HK will enter into the Marketing Service Agreement pursuant to which HGC HK will appoint HTSL to market and promote the fixed-line business services of HGC HK to the Customer Entities.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Transaction will enable the Company to focus its resources more effectively on its core business of providing mobile services to its customers. Furthermore, the Company believes the Transaction will create value for Shareholders by unlocking the value of HGC, which has not been fully reflected in the Company's share price in recent years. Through the Transaction, the Company will receive substantial proceeds, which will enable the Company to continue to invest and strengthen its leading market position in the mobile business, while maintaining a strong financial profile. HGC HK will remain a key supplier of fixed-line services to the Company, and the two companies intend to maintain a cooperative commercial relationship following the completion of the Transaction.

USE OF PROCEEDS FROM THE TRANSACTION

The Company intends to use the proceeds from the Transaction for its general working capital purposes and investment in the mobile business.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened for Shareholders to consider and, if thought fit, approve the Transaction and the transactions contemplated under the Transaction Documents. The Circular, which will include, among other things, (a) details of the Transaction and the transactions contemplated under the Transaction Documents, (b) financial information on the HGC Group and (c) pro forma financial information on the Group following the Closing, will be despatched to Shareholders more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the financial information to be included in the Circular. The Circular is expected to be despatched to the Shareholders on or before 21 August 2017.

Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C. have been appointed as the financial advisers to advise the Company on the Transaction.

Shareholders and potential investors of the Company should note that the Transaction is subject to the approval of the Shareholders and the Sale and Purchase Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Transaction will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

1. INTRODUCTION

The Board is pleased to announce that on 29 July 2017, the Company (as seller) and Asia Cube Global Communications Limited (as purchaser) entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell its entire interest in HGC, which holds the Group's fixed-line telecommunications business, together with an associated shareholder loan, to the Purchaser.

2. SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below.

(a) Consideration

The Consideration was determined after negotiation on an arm's length basis with the Purchaser, with reference to the business prospects and financial performance of the HGC Group. The HGC Group had revenues for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 of HK\$3,973 million, HK\$4,127 million and HK\$2,167 million, respectively, and EBITDA of HK\$1,220 million, HK\$1,200 million and HK\$656 million, respectively.

The Consideration paid at Closing will be an amount equal to HK\$14,497 million in cash and will be adjusted following Closing to take account of External Debt, Cash, Working Capital and Capex Spend as at the Closing Statement Date.

Within 45 days after Closing, the Company will prepare and deliver to the Purchaser a draft Closing Statement showing the External Debt, the Cash, the Working Capital and the Capex Spend for the HGC Group as at the Closing Statement Date. The Consideration will be determined by reference to the final Closing Statement and the amount of any difference in the External Debt, the Cash, the Working Capital and the Capex Spend as set out in the Closing Statement compared to certain reference amounts agreed between the parties and any adjustment will be paid by the Purchaser or the Company (as the case may be).

The Company will make an announcement when the Consideration has been determined.

(b) Condition to Closing

Closing of the Transaction is conditional on the Transaction having been approved by the Shareholders in accordance with the requirements of Chapter 14 of the Listing Rules (the "**Condition**"). The Condition cannot be waived by the Company or the Purchaser.

If the Condition is not fulfilled on or before the date falling six months after the date of the Sale and Purchase Agreement (or such other date as may be agreed by the Company and the Purchaser), either the Company or the Purchaser may rescind the Sale and Purchase Agreement and the Transaction will be terminated.

(c) Closing

Closing of the Transaction will take place on the first Closing Business Day of the month following the month in which the Condition has been fulfilled (or, if the date on which the Condition has been fulfilled is less than 15 business days before that first business day, Closing will take place on the first Closing Business Day of the next following month).

Subject to the fulfilment of the Condition, Closing is expected to take place in or around October 2017.

(d) Termination

The Sale and Purchase Agreement may be terminated in the following circumstances:

- (i) if there is a breach of certain title warranties or a material breach of certain fundamental warranties set out in the Sale and Purchase Agreement prior to Closing and the relevant breach is not remedied within the earlier of (A) 20 business days of the Purchaser becoming aware of such breach and (B) the Closing Date; or
- (ii) if the Company or the Purchaser fails to comply with any material obligations on Closing.

(e) Certain Other Terms

In connection with the Transaction, the Company and the Purchaser have agreed to the following:

(i) Employees

It is intended that certain employees of the Group which are engaged in providing services to the HGC Group (the “**transferring employees**”) will be transferred to, and will be offered employment by, the Purchaser (or its designated company) with effect from either the Closing Date or the end of the transitional services period (or such earlier date agreed between the Company and the Purchaser).

The Purchaser has agreed that the HGC Group will, for a minimum period of 12 months following Closing, continue to employ all employees and the transferring employees on terms which are substantially similar to and (viewed overall) are no less favourable than such employees’ terms of employment immediately prior to the Closing Date.

(ii) *Branding*

The Company will procure the transfer to HGC of its rights in the “HGC” name and mark.

As soon as reasonably practicable after the Closing Date, and in any event within no later than 12 months of the date of Closing (with a shorter time period for certain names and marks), the Purchaser will procure that the HGC Group companies will remove any reference to “Hutchison”, “Hutchison Global Communications”, “和記” or “和记”，

“CKHH”, the  logo, the  logo, “three” and “3”, among other marks (the “**restricted names and logos**”) and to cease the use of any advertising, marketing or promotional materials that contain any of the restricted names and logos. The Company will grant HGC a short term transitional trade mark licence to permit the use of the restricted names and logos within the (up to) 12-month transitional period. The Purchaser also undertakes to procure that applications are made to change the names of all companies in the HGC Group that contain “Hutchison”, “和記” or “和记” within no later than six months of Closing. The Company will permit the HGC Group to continue to use the formal company names for formal purposes until the names have been changed.

The Company will also procure the assignment to the HGC Group of certain other trade marks that are currently used by the HGC business.

(iii) *Transitional Services*

HTHK (a subsidiary of the Company) will provide certain transitional services to the HGC Group for a maximum period of 12 months after Closing (with a shorter time period for certain services), unless the Company agrees to extend the period, and will work with the HGC Group in respect of the implementation of their separation of the HGC Group business and the migration of IT systems.

The transitional services to be provided are in the areas of administration and corporate services, information technology, certain back-office customer operation services, sales and marketing and the use of certain shared premises.

(iv) *Inter-company Loans*

The Company has agreed to procure that all inter-company loans (inclusive of any accrued interest) owed by the HGC Group to the Group will be novated to HGC and the Company prior to Closing, such that, upon such novation taking effect, all inter-company loans are owed by HGC to the Company. Following the completion of such novation, the outstanding principal and accrued but unpaid interest shall constitute the shareholder loan that will be transferred by the Company to the Purchaser on Closing pursuant to the Sale and Purchase Agreement.

(v) *Restrictive Covenant*

The Company has agreed that, subject to certain exceptions, for a period of 36 months after the Closing Date, it will ensure that neither it nor any member of the Group (each a “**Restricted Party**”) will, or will own securities or shares in any company or partnership that will:

- (A) establish, maintain or operate any:
- (1) fixed-line telecommunications network or services, in Hong Kong, save as otherwise permitted under the Marketing Service Agreement or as permitted under the relevant provisions of the Sale and Purchase Agreement; or
 - (2) Wi-Fi network or services in Hong Kong, other than wireless local area network or services for (I) its own internal use, or (II) to facilitate or support the provision of another service (which is not itself a Wi-Fi service) to a third party, another Restricted Party or the CKH Group (excluding the Company and each member of the Group) (the “**CKHH Restricted Party**”),

but in each case excluding the Group’s mobile business;

- (B) operate any data centre facility in Hong Kong, other than for (1) its own internal use, or (2) to facilitate or support the provision of another service to a third party, another Restricted Party or a CKHH Restricted Party; or
- (C) provide any data centre service in Hong Kong, unless such data centre service is provided by a Restricted Party to any other Restricted Party for the same purposes set out in (B) above.

The Purchaser may extend the above restrictive covenant by up to two 12-month periods by giving notice to the Company.

The Company has agreed to procure that the CKHH Restricted Party shall comply with the above restrictive covenant, subject to certain additional exceptions in respect of the business of the CKHH Restricted Parties.

The Company has also agreed to a customary non-solicitation restriction in respect of certain key HGC employees for the period of 30 months after the Closing Date.

3. MARKETING SERVICE AGREEMENT

On Closing, HTSL (a subsidiary of the Company), HTHK (a subsidiary of the Company) and HGC HK (a subsidiary of HGC) will enter into the Marketing Service Agreement pursuant to which HGC HK will appoint HTSL to market and promote the fixed-line business services of HGC HK, comprising local carrier services, local corporate services and international carrier services (the “**Services**”) to the Customer Entities (the “**Marketing Service**”). The term of the Marketing Service Agreement

will commence on the Closing Date and end on 31 December 2022 (the “Term”). HTHK is a party to the Marketing Service Agreement solely for the purposes of guaranteeing the performance of the obligations of HTSL.

As consideration for HTSL undertaking the Marketing Service, HGC HK will pay HTSL an incentive fee if it achieves in aggregate more than certain agreed minimum service revenues from Customer Entities. Conversely, if the aggregate service revenue payable by the Customer Entities is less than the specified minimum service revenue, HTSL will pay to HGC HK a specified percentage of the difference.

HTSL will also grant to HGC HK and its affiliates an exclusive right to provide Services to the Group in Hong Kong. This exclusive right is subject to HGC HK or its affiliates fulfilling the Group’s coverage and service level requirements from the start date of its delivery of the Services.

4. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Directors are of the view that the Transaction and the transactions contemplated under the Transaction Documents are in the interests of the Company and the Shareholders.

The Transaction will enable the Company to focus its resources more effectively on its core business of providing mobile services to its customers. Furthermore, the Company believes the Transaction will create value for Shareholders by unlocking the value of HGC, which has not been fully reflected in the Company’s share price in recent years. Through the Transaction, the Company will receive substantial proceeds, which will enable the Company to continue to invest and strengthen its leading market position in the mobile business, while maintaining a strong financial profile. HGC HK will remain a key supplier of fixed-line services to the Company, and the two companies intend to maintain a cooperative commercial relationship following the completion of the Transaction.

The Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. RECOMMENDATION OF THE BOARD

Having taken into account the reasons for, and benefits of, the Transaction as set out above, the Directors have unanimously approved the Transaction and recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction and the transactions contemplated under the Transaction Documents.

6. FINANCIAL EFFECTS OF THE TRANSACTION

On Closing, the HGC Group will cease to be subsidiaries of the Group and the profit and loss and the assets and liabilities of the Group will no longer be consolidated into the Group’s consolidated financial statements.

On Closing, the Company is expected to realise a profit on the disposal of the HGC Group of approximately HK\$5,750 million. Such profit is calculated by reference to the net asset value of the HGC Group as at 31 December 2016 and assuming the capitalisation of all inter-company loans owed by the HGC Group to the Group.

7. USE OF PROCEEDS FROM THE TRANSACTION

The Company intends to use the proceeds from the Transaction for its general working capital purposes and investment in the mobile business.

8. INFORMATION ABOUT THE HGC GROUP

The HGC Group is a leading fixed-line operator, IT service provider, carrier's carrier and one of Hong Kong's largest-scale Wi-Fi service providers. It empowers local and overseas customers with one-stop international, corporate, data centre and residential broadband services. It owns and runs an extensive optical-fibre network, coupled with four cross-border routes integrated with three of mainland China's tier-one telecoms operators, plus a world-class international network. The HGC Group is committed to developing cloud computing services and offering high-speed Wi-Fi service.

The audited net asset value of the HGC Group as at 31 December 2016 was approximately HK\$3,584 million.

The audited consolidated profit before tax and after tax of the HGC Group for each of the years ended 31 December 2015 and 2016 are as follows:

HK\$ millions	Year ended 31 December	
	2015	2016
Profit before tax	479	478
Profit after tax	401	401

9. INFORMATION ABOUT THE GROUP

The Company is an established telecommunications operator of mobile, fixed-line and Wi-Fi networks. Advanced mobile telecommunications services are provided in Hong Kong and Macau under the 3 brand, while fixed-line residential broadband, telephone and IDD services are offered in Hong Kong as part of the 3Home Broadband portfolio. The Group also provides local and international customers with sophisticated fixed-line services, corporate solutions, data centre capabilities, cloud computing and high-speed Wi-Fi services under the HGC brand.

10. INFORMATION ABOUT THE PURCHASER

The Purchaser, Asia Cube Global Communications Limited, is a company wholly-owned by a fund managed by I Squared Capital. I Squared Capital is an independent global infrastructure investment manager focusing on energy, utilities, and transport in the Americas, Europe, and select high growth economies. I Squared Capital has offices in New York, Houston, London, New Delhi, Hong Kong and Singapore.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

11. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

12. GENERAL INFORMATION

(a) Extraordinary General Meeting

An EGM will be convened for Shareholders to consider and, if thought fit, approve the Transaction and the transactions contemplated under the Transaction Documents.

All Shareholders who have a material interest (which is different from that of all other Shareholders) in the Transaction and the transactions contemplated under the Transaction Documents, and their associates, will be required to abstain from voting on the resolution referred to above at the EGM. As far as the Directors are aware, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution referred to above at the EGM.

CKH Holdings, through its wholly-owned subsidiaries, has an interest in approximately 66.09% of the issued Shares as at the date of this announcement (the "**Relevant Shares**"). CKH Holdings has undertaken to the Company to procure that the voting rights attaching to the Relevant Shares will be voted in favour of the resolution referred to above at the EGM.

(b) Circular

The Circular will include, among other things, (i) details of the Transaction and the transactions contemplated under the Transaction Documents, (ii) financial information on the HGC Group and (iii) pro forma financial information on the Group following the Closing.

The Circular will be despatched more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the financial information to be included in the Circular. The Circular is expected to be despatched to the Shareholders on or before 21 August 2017.

(c) Financial Advisers

Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C. have been appointed as the financial advisers to advise the Company on the Transaction.

(d) Warning

Shareholders and potential investors of the Company should note that the Transaction is subject to the approval of the Shareholders and the Sale and Purchase Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Transaction

will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

13. DEFINITIONS

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

“affiliate”	in relation to any party, any subsidiary or parent company of that party and any subsidiary of any such parent company
“Board”	the board of directors of the Company
“business day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks are open in Hong Kong for general commercial business
“Capex Spend”	in relation to each member of the HGC Group, the aggregate of all liabilities incurred during the period from 1 July 2017 to the Closing Statement Date to the extent that they relate to certain capital expenditure projects discharged, whether by payment of cash in the ordinary course of business by that member of the HGC Group
“Cash”	the HGC Group's consolidated cash and cash equivalents, including all interest accrued thereon, as at the Closing Statement Date (but excluding all amounts/items included in the calculation of Working Capital)
“Circular”	the circular relating to the Transaction and the transactions contemplated under the Transaction Documents to be despatched to the Shareholders in accordance with the Listing Rules
“CKH Group”	CKH Holdings and its subsidiaries
“CKH Holdings”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1) and the controlling shareholder of the Company
“CKHH Restricted Party”	the CKH Group (excluding the Company and each member of the Group)
“Closing”	completion of the Transaction in accordance with the provisions of the Sale and Purchase Agreement
“Closing Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong and New York and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at

	any time between 9.00 am and 5.00 pm) on which banks are open in Hong Kong and New York for general commercial business
“Closing Date”	the date on which Closing occurs
“Closing Statement”	a statement showing the External Debt, Cash, Working Capital and Capex Spend for the HGC Group as at the Closing Statement Date
“Closing Statement Date”	the last calendar day of the month prior to the month in which the Closing Date falls
“Company”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215) and whose American depositary shares are eligible for trading in the United States of America only in the over-the-counter market
“Consideration”	the consideration for the Transaction
“Customer Entities”	the Group, CKH Holdings and its subsidiaries and jointly controlled entities and Cheung Kong Property Holdings Limited and its subsidiaries and jointly controlled entities
“Directors”	the directors of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EGM”	the extraordinary general meeting of the Company to be convened for Shareholders to consider and, if thought fit, approve the Transaction and the transactions contemplated under the Transaction Documents
“External Debt”	the consolidated financial debt owed by the HGC Group as at the Closing Statement Date (together with accrued interest) to any third party and not an amount or item included in the calculation of the Working Capital
“Group” or “Group Companies”	the Company and its subsidiaries
“HGC”	Hutchison Global Communications Investment Holding Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“HGC Group”	HGC and its subsidiaries

“HGC HK”	Hutchison Global Communications Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HTHK”	Hutchison Telecommunications (Hong Kong) Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Company
“HTSL”	Hutchison Telecommunication Services Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Marketing Service Agreement”	the Marketing Service Agreement to be entered into between HTSL, HTHK and HGC HK on Closing relating to the provision of certain marketing and promotion services by HTSL to HGC HK
“Purchaser”	Asia Cube Global Communications Limited, a company incorporated in the Cayman Islands with limited liability
“Restricted Party”	the Company or any member of the Group
“Sale and Purchase Agreement”	the agreement dated 29 July 2017 entered into between the Company and the Purchaser relating to the sale and purchase of HGC
“Shareholders”	the holders of Shares
“Shares”	ordinary shares in the capital of the Company with a nominal value of HK\$0.25 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the proposed disposal by the Company of the entire issued share capital of HGC, together with an associated shareholder loan, to the Purchaser in accordance with the provisions of the Sale and Purchase Agreement
“Transaction Documents”	the Sale and Purchase Agreement and the agreements to be entered into pursuant thereto (including the Marketing Service Agreement)

"Working Capital"

the working capital of the HGC Group as at the Closing Statement Date, including trade creditors and debtors, inter-company trading debt and interest payable or receivable accrued as at the Closing Statement Date

By Order of the Board

Edith SHIH

Non-executive Director and Company Secretary

Hong Kong, 30 July 2017

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

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

Deputy Chairman and Non-executive Director:

Mr LUI Dennis Pok Man

Executive Director:

Mr WOO Chiu Man, Cliff

Non-executive Directors:

Mr LAI Kai Ming, Dominic

(also Alternate to Mr FOK Kin Ning, Canning
and Ms Edith SHIH)

Ms Edith SHIH

Mr MA Lai Chee, Gerald

(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Mr CHEONG Ying Chew, Henry

(also Alternate to
Dr WONG Yick Ming, Rosanna)

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna