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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 your 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 **Cheung Kong Infrastructure Holdings Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

**PROPOSED ELECTION OF DIRECTORS AT
THE ANNUAL GENERAL MEETING,
PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES,
CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF ANNUAL GENERAL MEETING**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders
in relation to the Continuing Connected Transaction**



SOMERLEY LIMITED

The notices convening the Annual General Meeting of Cheung Kong Infrastructure Holdings Limited to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 14th May, 2009 at 2:45 p.m. at which the above proposals will be considered is set out on pages 44 to 48 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's principal place of business at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof or in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than 24 hours before the time appointed for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

7th April, 2009

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DEFINITIONS

In this circular, 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, 14th May, 2009 at 2:45 p.m. at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong, notice of which is set out in Appendix VI to this circular and any adjournment thereof;
“Bye-laws”	the Bye-laws of the Company;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“CCT Approval”	the approval to be sought from the Independent Shareholders at the AGM for acquisition of Connected Debt Securities pursuant to the Master Agreement;
“CCT Relevant Period”	the 12-month period commencing on the date of the AGM at which the CCT Approval is granted;
“Company”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1038);
“Connected Debt Securities”	such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the Connected Issuers pursuant to the Master Agreement;
“Connected Issuers”	the issuers of the Connected Debt Securities, being HWL or any of its subsidiaries;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

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“HWL”	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);
“Independent Board Committee”	an independent committee of the Board, comprising of the independent non-executive Directors, namely, Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Colin Stevens Russel and Mr. Lan Hong Tsung, David, established to give an opinion in relation to the terms of the CCT Approval;
“Independent Financial Adviser” or “Somerley”	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the CCT Approval;
“Independent Shareholders”	Shareholders who do not have any material interests in the CCT Approval other than by virtue of their respective shareholdings in the Company;
“Latest Practicable Date”	1st April, 2009, 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;
“Master Agreement”	the master agreement dated 3rd April, 2009 and made between the Company and HWL setting out the terms upon which the Company or its subsidiaries may acquire the Connected Debt Securities issued by the Connected Issuers;
“Memorandum”	the Memorandum of Association of the Company;
“Model Code”	the model code on securities transactions by Directors adopted by the Company
“Net Connected Debt Securities Position”	the aggregate gross purchase price of Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of Connected Debt Securities sold, by the Group;

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“Net Liquid Assets”	the aggregate value of the cash, deposits and marketable securities (including for the avoidance of doubt any Connected Debt Securities held at the time all valued at their respective fair market values as at such date) held by the Group which is accounted for and consolidated in the accounts of the Company less the aggregate value of any such assets which are subject to pledges or other encumbrances;
“PRC”	the People’s Republic of China;
“Relevant Period”	the period from the obtaining of the CCT Approval until the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Share(s)”	ordinary share(s) of HK\$1.00 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; and
“Takeovers Code”	the Code on Takeovers and Mergers.

LETTER FROM THE BOARD



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

Directors

Executive Directors

LI Tzar Kuoi, Victor *(Chairman)*

FOK Kin Ning, Canning

(Deputy Chairman)

CHOW WOO Mo Fong, Susan*

Frank John SIXT

TSO Kai Sum

KAM Hing Lam

(Group Managing Director)

IP Tak Chuen, Edmond

(Deputy Chairman)

Andrew John HUNTER

(Chief Operating Officer)

* also alternate to FOK Kin Ning, Canning and Frank John SIXT

Independent Non-executive Directors

CHEONG Ying Chew, Henry

KWOK Eva Lee

SNG Sow-mei alias POON Sow Mei

Colin Stevens RUSSEL

LAN Hong Tsung, David

Alternate Directors

MAN Ka Keung, Simon

(alternate to IP Tak Chuen, Edmond)

Eirene YEUNG

(alternate to KAM Hing Lam)

Registered Office

Clarendon House

Church Street

Hamilton HM11

Bermuda

Principal Place of Business

12th Floor

Cheung Kong Center

2 Queen's Road Central

Hong Kong

Non-executive Directors

LEE Pui Ling, Angelina

Barrie COOK

George Colin MAGNUS

Company Secretary

Eirene YEUNG

7th April, 2009

Dear Shareholder(s),

**PROPOSED ELECTION OF DIRECTORS AT
THE ANNUAL GENERAL MEETING,
PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES,
CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. Introduction

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the forthcoming AGM of the Company to be held on 14th May, 2009 at 2:45 p.m., including (i) the ordinary resolutions proposing election of Directors who are due to retire at the AGM, (ii) the ordinary resolutions granting the Board

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general mandates to issue and repurchase Shares, (iii) the ordinary resolutions approving the continuing connected transaction; and to give you notice of the AGM at which the ordinary resolutions as set out in the Notice of AGM will be proposed.

2. Proposed Election of Directors

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Li Tzar Kuoi, Victor, Mr. Fok Kin Ning, Canning, Mr. Tso Kai Sum, Mr. Cheong Ying Chew, Henry and Mr. Barrie Cook will retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

Details of the above Directors that are required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

Mr. Cheong Ying Chew, Henry, being an Independent Non-executive Director of the Company eligible for re-election at the AGM, has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Cheong Ying Chew, Henry meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

Any Shareholder who wishes to nominate a person to stand for election as a Director of the Company at the AGM must lodge with the Company at its principal place of business at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong within the period from Thursday, 9th April, 2009 to Tuesday, 21st April, 2009, both days inclusive, (i) his written nomination of the candidate, (ii) written confirmation from such nominated candidate of his willingness to be elected as Director and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company.

3. Proposed General Mandate to Issue New Shares

A general mandate is proposed to be unconditionally given to the Board to issue and dispose of additional Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution until the next annual general meeting. The relevant resolution is set out as Ordinary Resolution No. 5(1) in the Notice of AGM dated 7th April, 2009 ("Ordinary Resolution No. (1)").

In respect of Ordinary Resolution No. (1), the Board wishes to state that they have no immediate plans to issue any new Shares. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.

4. Proposed General Mandate to Repurchase Shares

At the last annual general meeting of the Company held on 15th May, 2008, a general mandate was given to the Board to exercise the power of the Company to repurchase the Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. It is therefore

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proposed to seek your approval of the Ordinary Resolution No. 5(2) as set out in the Notice of AGM (“Ordinary Resolution No. (2)”) to give a fresh general mandate to the Board to exercise the power of the Company to repurchase Share(s).

An explanatory statement, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide requisite information to you for your consideration of the proposal to authorise the Board to exercise the power of the Company to repurchase Share(s) up to a maximum of 10% of the issued share capital of the Company at the date of Ordinary Resolution No. (2) (“Repurchase Proposal”) is set out in Appendix II to this circular.

5. Annual General Meeting

A notice convening the AGM to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 14th May, 2009 at 2:45 p.m. is set out in Appendix VI to this circular.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the forthcoming AGM will therefore put each of the resolutions to be proposed at the AGM to be voted by way of a poll pursuant to Bye-law 66 of the Bye-laws.

Proxy form for use at the AGM is enclosed with this circular. The proxy form can also be downloaded from the Company’s website at www.cki.com.hk or the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Whether or not you are able to attend the AGM in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s principal place of business at 12th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof or, in the case of a poll taken subsequently to the date of the AGM or adjourned meeting, not less than 24 hours before the time appointed for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

An announcement will be made by the Company following the conclusion of the AGM to inform you of the results of the AGM.

6. Recommendation

The Board considers that the ordinary resolutions (as regards the resolutions for approving the Master Agreement, please refer to the recommendation set out on page 10 of this circular) as set out in the Notice of AGM are all in the best interests of the Company and the Shareholders. The Board also considers that it is in the interests of the Company and the Shareholders to elect those Directors proposed to be re-elected. Accordingly, the Board recommends you to vote in favour of such resolutions at the AGM.

LETTER FROM THE BOARD

7. Continuing Connected Transaction

i. Introduction

On 3rd April, 2009, the Directors announced that the Company had entered into the Master Agreement pursuant to which the Company or its subsidiaries may acquire the Connected Debt Securities issued by the Connected Issuers. The Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company or an associate thereof. The transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules, if these transactions on an aggregated basis are in excess of the applicable percentage ratios of the Company under the Listing Rules.

ii. Master Agreement

Parties:	Company HWL
Date:	3rd April, 2009
Subject matter:	The parties agree that the Company or its subsidiaries may acquire the Connected Debt Securities issued by the Connected Issuers in the secondary markets subject to (i) the Company obtaining all applicable approvals (including the CCT Approval, if applicable), and (ii) the entering into of separate contracts in a form and on terms to be agreed between members of the Group and the relevant parties, which would be independent third parties from whom members of the Group would acquire the Connected Debt Securities in the secondary markets from time to time during the CCT Relevant Period.

The consideration for the Connected Debt Securities will be on normal commercial terms to be determined with reference to market prices quoted on financial data providers such as Bloomberg, which will be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counter party risk, and that the accrued coupons, where applicable, of the Connected Debt Securities will be settled in accordance with the terms of the Connected Issuers as may be applicable from time to time. For the other terms of the Connected Debt Securities, they would have been determined by the relevant issuers of the Connected Debt Securities at the time such securities were first issued.

The cap applicable to the transactions contemplated under the Master Agreement and effected during the CCT Relevant Period shall be subject to limitations (i) and (ii) as more particularly set out below.

LETTER FROM THE BOARD

The limitations pursuant to which the CCT Approval is granted include the following:

- (i) the Net Connected Debt Securities Position during the Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
- (ii) the Net Connected Debt Securities Position of the Group at any time during the Relevant Period shall not exceed: (a) HK\$2.2 billion or (b) 20% of the aggregate Net Liquid Assets of the Group which is accounted for and consolidated in the accounts of the Company as at 31st December, 2008, or if different, 20% of the Company's "unaudited consolidated net liquid assets" as at the last day of the immediately preceding calendar quarter, being the reference date, whichever is the lower. The amount of HK\$2.2 billion represents 20% of (i) the cash position of the Company as at end of March 2009, (ii) the cash proceeds to be received from Hongkong Electric Holdings Limited ("HEH") shortly pursuant to the completion of the disposal by the Company to HEH of Outram Limited which owns three power plants in the PRC as detailed in the joint announcement issued by the Company and HEH on 5th February, 2009 and (iii) marketable securities held by the Company as at end of February 2009. The lower of HK\$2.2 billion or 20% of the aggregate Net Liquid Assets was determined as the cap for the acquisition of the Connected Debt Securities to avoid undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser;
- (iii) the Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and in all cases the Connected Debt Securities shall be acquired by the Group only on normal commercial terms arrived at after arm's length negotiations;
- (iv) the Connected Debt Securities shall be of at least investment grade or its equivalent;
- (v) the Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;
- (vi) the Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed

LETTER FROM THE BOARD

acquisition of Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and

(vii) the Connected Debt Securities shall have maturity not in excess of 15 years.

The duration of the Master Agreement is for a period of one year from the date of the AGM at which the CCT Approval is granted, unless terminated earlier in accordance with the Master Agreement.

iii. Reasons for, and benefits of, the Continuing Connected Transaction

The Group has consistently applied conservative treasury policies in its cash and financial management. With a sharp slowdown in the global economy, the onset of the most challenging environment in recent times with growth slowing in most markets and many of the world's major economies in recession and the unprecedented downturn in the performance of the banking industry globally, the returns available on surplus liquidity have been low. In reviewing the Group's investment and treasury strategy, the possibility of investing in longer dated instruments, particularly corporate bonds of good quality is considered. The Directors consider it prudent and in the interest of the Company and the Shareholders as a whole to have the flexibility of being able to invest in debt securities issued by corporations which may be classified as connected persons of the Company, as among other things, the Directors are more familiar with the business, management and credit standing of such companies than they would normally be for arm's length companies. With a view to maintaining an appropriately balanced portfolio of financial investments and be consistent with its conservative treasury policies in its cash and financial management, certain protections and limitations are proposed in the ordinary resolution for the CCT Approval to be sought from the Independent Shareholders with a view to setting a sound framework for a liquidity investment policy applicable to Connected Debt Securities which may be acquired in the CCT Relevant Period, which should improve the Group's returns while keeping increased risks within prudent limits.

iv. Listing Rules Implications

The Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company or an associate thereof. The transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules, if these transactions on an aggregated basis are in excess of the applicable percentage ratios of the Company under the Listing Rules. By virtue of its interests in the Master Agreement described above, HWL and its associates, which together are interested in 1,906,681,945 Shares (representing approximately 84.58% of the voting rights of the Company) as at the Latest Practicable Date, will abstain from voting on the resolutions approving the transactions contemplated under the Master Agreement at the AGM. The vote of the Independent Shareholders at the AGM will be taken by poll.

LETTER FROM THE BOARD

v. *Recommendation*

The Board considers the terms of the acquisitions of the Connected Debt Securities are on normal commercial terms and the terms of the CCT Approval to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee has been established to give an opinion to the Independent Shareholders in respect of the CCT Approval. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the CCT Approval. The Independent Board Committee, having taken into account the terms of the CCT Approval and the advice of Somerley, considers the CCT Approval to be fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommends that you vote in favour of the ordinary resolutions to grant the CCT Approval to be proposed at the AGM.

vi. *Additional Information*

Your attention is drawn to (i) the letter from the Independent Board Committee set out in Appendix III to this circular which contains the opinion of the Independent Board Committee to the Independent Shareholders regarding the terms of the CCT Approval; and (ii) the letter from the Independent Financial Adviser set out in Appendix IV to this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the CCT Approval. Your attention is also drawn to the general information set out in Appendix V to this circular.

Yours faithfully,

LI TZAR KUOI, VICTOR
Chairman

The following are the particulars of the five Directors (as required by the Listing Rules) proposed to be elected at the AGM:

1. **LI Tzar Kuoi, Victor**, aged 44, has been the Chairman of the Company since its incorporation in May 1996. He is the Chairman of the Remuneration Committee of the Company since March 2005. Mr. Victor Li is also the Managing Director and Deputy Chairman of Cheung Kong (Holdings) Limited, Deputy Chairman of Hutchison Whampoa Limited, the Chairman of CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Hongkong Electric Holdings Limited, Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"). Except for HSBC, all the companies mentioned above are listed companies. Mr. Victor Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development, the Greater Pearl River Delta Business Council and the Council for Sustainable Development of the Hong Kong Special Administrative Region, and Vice Chairman of the Hong Kong General Chamber of Commerce. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

Mr. Victor Li is a son of Mr. Li Ka-shing, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a nephew of Mr. Kam Hing Lam, the Group Managing Director of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Victor Li also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1"), Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"), and Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust in which each of TDT1 and TDT2 holds units, are substantial shareholders of the Company within the meaning of Part XV of the SFO. The discretionary beneficiaries of each of DT1 and DT2 include Mr. Li Tzar Kuoi, Victor, his wife and children. Save as disclosed above, Mr. Victor Li does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Victor Li has other interest of 1,912,109,945 shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Victor Li and the Company. The Director's fee of Mr. Victor Li as an Executive Director and Chairman of the Company is HK\$75,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. Victor Li previously held directorship in Star River Investment Limited (“Star River”) (*ceased to act as director on 4th June, 2005*), a company owned as to 50% by Cheung Kong (Holdings) Limited with its place of incorporation in Hong Kong and active in acquiring property for development. Star River commenced creditors’ voluntary winding up on 28th September, 2004 since it could not continue its business by reason of its liabilities. The amount involved in the winding up was HK\$17,259,710.34 and Star River was dissolved on 4th June, 2005.

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

2. **FOK Kin Ning, Canning**, aged 57, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is currently the Group Managing Director of Hutchison Whampoa Limited and a Non-executive Director of Cheung Kong (Holdings) Limited. In addition, Mr. Fok is the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications International Limited, Hutchison Telecommunications (Australia) Limited, Hongkong Electric Holdings Limited and Partner Communications Company Ltd. and Co-Chairman of Husky Energy Inc. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants. He was previously a Non-executive Director of Panva Gas Holdings Limited (now known as Towngas China Company Limited) (*resigned on 8th August, 2006*). All the companies mentioned above are listed companies.

Mr. Fok is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Fok also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr. Fok does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Fok and the Company. The Director’s fee of Mr. Fok as an Executive Director and Deputy Chairman of the Company is HK\$75,000 per annum. The emoluments of Directors are determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. Fok previously held directorship in Peregrine Investments Holdings Limited (“Peregrine”) (*resigned on 12th January, 1998*), a company incorporated in Bermuda and registered under Part XI of the Companies Ordinance which was an investment bank. Peregrine commenced compulsory liquidation on 18th March, 1998. The amount involved under this liquidation is not yet ascertained and the liquidation is still in progress.

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

3. **TSO Kai Sum**, aged 77, has been an Executive Director of the Company since March 1997. He is also the Group Managing Director of Hongkong Electric Holdings Limited, a listed company. Mr. Tso initially worked with the Hongkong Electric Group from 1966 to 1981, holding the positions of Chief Project Engineer of The Hongkong Electric Company, Limited and Executive Director of Associated Technical Services Limited. In 1981, he joined International City Holdings Limited as an Executive Director. In 1987, he joined the Hutchison Whampoa Group as the Group Managing Director of Hutchison Whampoa Properties. In 1997, he re-joined the Hongkong Electric Group as Group Managing Director. Mr. Tso holds a Bachelor of Science degree in Civil Engineering and is also a Chartered Engineer. He is a member of the Institute of Civil Engineers and the Institute of Structural Engineers in the United Kingdom.

Mr. Tso holds directorships in certain companies controlled by a substantial shareholder of the Company. Save as disclosed above, Mr. Tso does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Tso and the Company. The Director's fee of Mr. Tso as an Executive Director of the Company is HK\$75,000 per annum. The emoluments of Directors are determined by 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. Tso that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

4. **CHEONG Ying Chew, Henry**, aged 61, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He has been a member of the Audit Committee of the Company since December 1998 and acted as the Chairman of the Audit Committee from December 1998 to December 2006. Mr. Cheong is also a member of the Remuneration Committee of the Company. He is also an Independent Non-executive Director of Cheung Kong (Holdings) Limited, and an Independent Non-executive Director of TOM Group Limited, CNNC International Limited, Excel Technology International Holdings Limited, New World Department Store China Limited and SPG Land (Holdings) Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited, and was previously an Independent Non-executive Director of Forefront Group Limited (formerly known as Forefront International Holdings Limited) (*resigned on 18th April, 2007*) and FPP Japan Fund Inc (formerly known as FPP Golden Asia Fund Inc) (*resigned on 20th October, 2008*). All the companies mentioned above are listed companies. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

He is also a director of a substantial shareholder of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Cheong does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Cheong and the Company. The Director's fee of Mr. Cheong as an Independent Non-executive Director of the Company is HK\$75,000 per annum, and additional fees for being a member of the Audit Committee and a member of the Remuneration Committee are HK\$80,000 and HK\$25,000 per annum respectively (subject to review by the Board of Directors of the Company from time to time).

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

5. **Barrie COOK**, aged 66, acted as an Executive Director of the Company from 2000 to September 2003 and has been a Non-executive Director of the Company since October 2003. He is the Honorary Chairman of the Hong Kong Construction Materials Association and a member of the Hong Kong Government's Council on Sustainable Development. Mr. Cook is a past Chairman of the East Asian Cement Forum, the Hong Kong Cement Association and the Hong Kong Government's Waste Reduction Committee. He was previously a member of the Hong Kong Government's Advisory Council on the Environment and was the Convenor of the Hong Kong Business Coalition on the Environment. Mr. Cook was very active in community affairs through his work with the Hong Kong General Chamber of Commerce. Mr. Cook holds a Bachelor of Science Degree in Civil Engineering, and he is a Member of the Institution of Civil Engineers of the United Kingdom and a Fellow of the Chartered Management Institute of the United Kingdom.

Mr. Cook does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Cook and the Company. The Director's fee of Mr. Cook as a Non-executive Director of the Company is HK\$75,000 per annum (subject to review by the Board of Directors of the Company from time to time).

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

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules.

1. Share Capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,254,209,945 Shares of HK\$1.00 each.

Subject to the passing of Ordinary Resolution No. (1) and on the basis that no further Shares are issued prior to the AGM to be held on 14th May, 2009, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 225,420,994 Shares, representing 10% of the issued share capital of the Company.

2. Reasons for Repurchase

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders.

Such purchases 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 purchase will benefit the Company and its shareholders.

3. Funding of Repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the applicable laws of Bermuda. Such purchases may only be effected out of the capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

In the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the Company's annual report for the year ended 31st December, 2008. However, the Directors do not propose to exercise the Repurchase Proposal 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.

4. Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

		Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
April	2008	34.25	30.45
May	2008	35.00	30.20
June	2008	35.15	30.65
July	2008	35.55	32.20
August	2008	37.50	33.15
September	2008	36.20	32.20
October	2008	35.80	23.90
November	2008	31.80	25.85
December	2008	31.25	27.15
January	2009	29.75	26.35
February	2009	30.80	27.85
March	2009	32.30	28.30
1st April	2009	31.85	31.00

5. Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to Ordinary Resolution No. (2) and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Repurchase Proposal if such is approved by the shareholders of the Company.

No other connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

6. Rule 8.08 of the Listing Rules

As at the Latest Practicable Date, 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, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited, Hutchison International Limited and Hutchison Infrastructure Holdings Limited, are deemed to be interested in the same block of 1,906,681,945 Shares, representing approximately 84.6% of

the issued share capital of the Company. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust additionally owns 5,428,000 Shares, representing approximately 0.2% of the issued share capital of the Company.

As announced by the Company on 8th January, 1997 and 17th February, 1997, the Stock Exchange has granted a waiver from strict compliance with Rule 8.08 of the Listing Rules to the Company on 9th January, 1997 subject to approximately not less than 15.2% of the issued share capital of the Company being held in public hands.

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), and (if the present shareholdings otherwise remained the same), the attributable shareholding of 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, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited, Hutchison International Limited and Hutchison Infrastructure Holdings Limited in the Company would be increased to a percentage which would result in the number of Shares in public hands to be below 15.2% of the issued share capital of the Company. The Company may not exercise the power to repurchase if it would constitute a breach of the condition upon which the waiver from strict compliance with Rule 8.08 of the Listing Rules was granted by the Stock Exchange. The Directors have no present intention to exercise the Repurchase Proposal.

7. Code on Takeovers and Mergers

If on exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose 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. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Proposal.

8. Share Purchase made by the Company

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

7th April, 2009

To the Independent Shareholders

Dear Sir or Madam,

Continuing Connected Transaction

We refer to the circular of the Company to the Shareholders dated 7th April, 2009 (the “Circular”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Independent Board Committee has been established to give an opinion to the Independent Shareholders in respect of the terms of the Master Agreement. Somerley has been appointed as the independent financial adviser of the Company to advise us and the Independent Shareholders in connection with the Master Agreement. Details of the advice, together with the principal facts and reasons taken into consideration in arriving at such advice, are set out in their letter in Appendix IV to the Circular.

Your attention is drawn to the section entitled “continuing connected transaction” in the “Letter from the Board” set out on pages 4 to 10 of the Circular.

Having taken into account the terms of the Master Agreement and the advice of Somerley, we consider the terms of the Master Agreement to be on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

For and on behalf of
Independent Board Committee
Cheong Ying Chew, Henry
Kwok Eva Lee
Sng Sow-mei alias Poon Sow Mei
Colin Stevens Russel
Lan Hong Tsung, David
Independent Non-executive Directors

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

7 April 2009

To: *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed granting of the approval for acquisitions of Connected Debt Securities, details of which are set out in the circular to the Shareholders dated 7 April 2009 (the “Circular”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The CCT Approval will allow the Group to acquire bonds, notes, commercial paper or other similar debt instruments issued or to be issued by HWL or any of its subsidiaries subject to the cap applicable to the transactions contemplated under the Master Agreement (“Cap”) and certain limitations as set out below. HWL is a connected person of the Company under the Listing Rules by virtue of being a substantial shareholder of the Company. The transactions governed by the Master Agreement will constitute continuing connected transactions for the Company which are subject to the reporting, announcement and Independent Shareholders’ approval requirements of the Listing Rules. HWL, together with its associates, are in aggregate interested in 1,906,681,945 Shares, (representing approximately 84.58% of the entire issued share capital of the Company) and will abstain from voting on the ordinary resolutions (to be taken by poll) to be proposed at the AGM to grant the CCT Approval.

The Independent Board Committee, comprising all the Independent Non-executive Directors, namely Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Colin Stevens Russel and Mr. Lan Hong Tsung, David, has been established to give an opinion to the Independent Shareholders as to whether the terms of the CCT Approval (including the Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a

whole. We, Somerley, being independent from the Company and its connected persons, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the time of the AGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business, affairs or financial position of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the CCT Approval (including the Cap), we have taken the following principal factors and reasons into consideration:

1. Background to and reasons for the CCT Approval

The CCT Approval gives the Directors flexibility to approve the acquisitions of Connected Debt Securities which would otherwise require prior approval of the Independent Shareholders at a general meeting and will also avoid repeating the same disclosure requirements each time Connected Debt Securities are acquired.

The Group has maintained a strong balance sheet, with cash and deposits totalling HK\$5,481 million at the 2008 year-end, which are managed prudently. The Group has adopted conservative treasury policies in cash and financial management. To achieve effective risk control and minimise the cost of funding, the Group's treasury activities are centralised.

A loss arising on treasury activities was recorded by the Group in 2008 amid the global economic downturn. The Board believes investment in longer dated instruments of good quality could be an attractive alternative. The Directors consider it prudent to invest in debt securities issued by corporations which are well known to the Group in terms of their business, management and credit standing. Acquisitions of Connected Debt Securities contemplated under the Master Agreement will widen the range of potential investments in companies well known to the Group.

As disclosed in the Company's results announcement for the year ended 31 December 2008, the Group's surplus cash was generally placed in short-term deposits and had a balance of HK\$4,368 million as at 31 December 2008. The deposits were mostly denominated in U.S. dollars, Hong Kong dollars, Australian dollars or British pounds. The Group also invested in securities including stapled securities, equity securities and debt

APPENDIX IV LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

securities unlisted or listed overseas amounting to HK\$2,597 million. A stapled security comprises various subordinated loan notes and fully paid ordinary shares quoted at a single combined price and not traded separately. The subordinated loan notes, debt securities and the unlisted notes were issued by corporate entities with credit ratings ranging from AA to BBB-. As at 31 December 2008, an impairment loss of HK\$427 million and decrease in fair value of HK\$491 million in investment in securities was recognised in the income statement of the Group respectively. The Group also recorded a gain on disposals of listed securities of HK\$3 million in 2008. The global financial crisis has touched almost all markets and industries in the world. A significant proportion of the above loss resulted from the sizable currency fluctuation of HK\$631 million, which was mostly comprised of unrealised mark-to-market adjustments arising from 30-year Yen borrowing and the foreign currency deposits.

2. Liquidity of the Group

The following is a summary of the Group's financial position based on its audited balance sheet as at 31 December 2008:

	As at 31 December 2008 (audited) (HK\$ million)
Non-current assets	
Interests in associates	29,067
Interests in jointly controlled entities	3,361
Investments in securities	2,597
Pledged bank deposit	1,113
Property, plant and equipment	904
Other non-current assets	<u>1,700</u>
	<u>38,742</u>
Current assets	
Bank balances and deposits	4,368
Debtors and prepayments	1,303
Other current assets	<u>596</u>
	<u>6,267</u>
Total assets	<u><u>45,009</u></u>

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	As at 31 December 2008 (audited) (HK\$ million)
Non-current liabilities	
Bank and other loans	5,115
Other non-current liabilities	<u>277</u>
	<u>5,392</u>
Current liabilities	
Bank and other loans	1,628
Creditors and accruals	1,149
Other current liabilities	<u>110</u>
	<u>2,887</u>
Total liabilities	<u><u>8,279</u></u>
Net assets	<u><u>36,730</u></u>
Equity attributable to Shareholders	36,675
Minority interests	<u>55</u>
Total equity	<u><u>36,730</u></u>

As at 31 December 2008, the Group had total assets of approximately HK\$45 billion, with interests in associates of HK\$29,067 million (accounting for 64.6%), pledged bank deposit, bank balances and deposits of HK\$5,481 million (accounting for 12.2%), interests in jointly controlled entities of HK\$3,361 million (accounting for 7.5%) and investments in securities of HK\$2,597 million (accounting for 5.8%).

Total borrowings of the Group as at 31 December 2008 amounted to HK\$6,743 million, which were all denominated in foreign currencies. Of the total borrowings, 24% were repayable in 2009, 39% were repayable between 2010 and 2013 and 37% repayable beyond 2013. There were bank loans of HK\$4,245 million carrying interest at floating rate determined with reference to Australian Bank Bill Swap Reference Rate or London Interbank Offered Rate plus a margin less than 1%. There were also unsecured notes amounting to HK\$2,498 million bearing interest at 3.5% per annum.

After deducting the cash and deposits totalling HK\$5,481 million, the Group has a net debt position of approximately HK\$1,262 million, giving rise to a net debt to equity ratio of 3.4% as at 31 December 2008. The Group maintained a strong balance sheet and has a current ratio of 217.1% (defined as current assets divided by current liabilities). It has maintained a “A-” credit rating from Standard & Poor’s since the Company’s listing on the Main Board of the Stock Exchange in 1996.

The Company announced the disposal of three power plants in Mainland China in February 2009 which will generate a one-off gain of approximately HK\$1,348 million upon completion and will be recognised in the first half of 2009. By then, the Group should have cash and deposits totalling over HK\$11 billion. This cash-rich situation should place the Group in a very strong financial position.

3. Protections and limitations

In order to ensure that only a prudent proportion of the Group’s liquidity is committed to Connected Debt Securities and to limit the risk of such securities themselves, certain protections and limitations are set out in the ordinary resolutions to be proposed as item 6 at the AGM. These are in summary:

- (1) The amount invested into any one particular issue of Connected Debt Securities (net of sales) will not exceed 20% of that issue (aggregated if applicable with outstanding Connected Debt Securities of the same issuer with the same or a shorter maturity).

The purpose of this limit is to avoid undue concentration in a single issue (taking into account similar or shorter dated issues outstanding). This will restrict the extent to which the Group can make investments in classes of securities in which there are few arms length investors.

- (2) The CCT Approval is subject to the Cap, whereby the aggregate investment in Connected Debt Securities (net of sales) at any time during the Relevant Period shall not exceed (i) HK\$2.2 billion or (ii) 20% of the aggregate Net Liquid Assets of the Company and its subsidiaries accounted for and consolidated in the accounts of the Company as at 31 December 2008, or if different, 20% of the Company’s “unaudited consolidated net liquid assets” as at the last day of the immediately preceding calendar quarter, being the reference day, whichever is the lower.

The purpose of this limit is so that the Group will not commit more than a fifth of its readily available liquidity to this category of investment. A limit of 20% is, in our experience, a relatively common top limit adopted when a portfolio of investments is designed so as to achieve a reasonable degree of diversification.

- (3) The Connected Debt Securities should have a reasonable degree of liquidity as set out in the resolutions.

Liquidity will be subject to market conditions from time to time, as recent experience has demonstrated. However, the requirement that the securities should be listed on a recognised exchange, or should be “144A” or “Regulation S” or that they should have a value, with other outstanding Connected Debt Securities of the same issuer, of US\$500 million or more should mean that the holdings of Connected Debt Securities should have a certain degree of marketability in normal conditions. In all cases, the Connected Debt Securities shall be acquired by the Group only on normal commercial terms arrived at after arms length negotiations. The Connected Debt Securities will either be the subject of an issue with formal documentation and a marketing process involving arms length price discovery or will be purchased in the market from an arms length seller on terms usual in the market adopting mechanisms as set out in the “Letter from the Board”.

- (4) The Connected Debt Securities should be of investment grade or equivalent

This requirement should ensure that the particular security and its issuer have been subject to outside scrutiny. Although the standing of rating agencies may have suffered, we consider that the present climate is bringing a tightening of standards in such reviews.

- (5) The Connected Debt Securities should not be zero coupon and should not have conversion or option or similar features

This restriction is designed to limit the investments to “straight” bonds, not zero coupons, where capital values are subject to wider fluctuations, or convertibles which are more complex to value and are exposed to the equity markets as well as the credit markets.

- (6) Currencies will be restricted to Hong Kong, United States or Canadian dollars except where the currency of issue is not considered to give rise to a significant mis-match of currency of assets and liabilities

This restriction is designed to limit currency exposure. The Company prepares its accounts in HK dollars, so investments in HK dollars, US dollars (given the peg) and the closely-linked Canadian dollars should be prudent. Some flexibility is allowed for other currencies if after due consideration the currency of assets and liabilities is considered to be well-matched.

- (7) Maturity is limited to 15 years

This in our opinion is a relatively long maturity but is balanced by the provisions for liquidity set out above.

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4. Financial position of HWL Group

The following is a summary of HWL's financial position based on its consolidated audited balance sheet as at 31 December 2008:

	As at 31 December 2008 (audited) (HK\$ million)
Non-current assets	
Fixed assets	173,246
Associated companies	76,478
Telecommunication licences	72,175
Interests in joint ventures	45,865
Investment properties	41,282
Leasehold land	34,745
Liquid funds and other listed investments	30,735
Goodwill	30,318
Other non-current assets	<u>44,660</u>
	<u>549,504</u>
Current assets	
Cash and cash equivalents	57,286
Trade and other receivables	54,767
Inventories	<u>18,528</u>
	<u>130,581</u>
Total assets	<u><u>680,085</u></u>

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	As at 31 December 2008 (audited) (HK\$ million)
Non-current liabilities	
Bank and other debts	234,141
Interest bearing loans from minority shareholders	13,348
Other non-current liabilities	<u>20,743</u>
	<u>268,232</u>
Current liabilities	
Trade and other payables	82,497
Bank and other debts	23,945
Current tax liabilities	<u>1,275</u>
	<u>107,717</u>
Total liabilities	<u><u>375,949</u></u>
Net assets	<u><u>304,136</u></u>
Total Shareholders' funds	271,576
Minority interests	<u>32,560</u>
Total equity	<u><u>304,136</u></u>

As at 31 December 2008, HWL Group had total assets of HK\$680,085 million, with fixed assets of HK\$173,246 million (accounting for 25.5%), associated companies of HK\$76,478 million (accounting for 11.2%), telecommunication licences of HK\$72,175 million (accounting for 10.6%), cash and cash equivalents of HK\$57,286 million (accounting for 8.4%), trade and other receivables of HK\$54,767 million (accounting for 8.1%) and liquid funds and other listed investments of HK\$30,735 million (accounting for 4.5%).

HWL Group had total principal amount of bank and other debts of HK\$253,884 million with a weighted average cost of debt of 5.2%. Out of the total borrowings, 9% were repayable in 2009, 64% were repayable between 2010 and 2013 and 27% repayable beyond 2013. There were principal bank and other loans of HK\$119,857 million and principal notes and bonds of HK\$134,027 million with interest ranging from 0.5% to 9.5% per annum. The interest bearing loans from minority shareholders of HK\$13,348 million were viewed as quasi-equity.

As at 31 December 2008, HWL Group had total equity of HK\$304,136 million and consolidated net debt, excluding loans from minority shareholders which are viewed as quasi-equity, of HK\$165,863 million. HWL Group's ratio of net debt (defined as total principal amount of bank and other debts net of cash and cash equivalents and liquid funds and other listed investments) to net total capital (defined as total bank and other debts plus total equity and loans from minority shareholders net of cash and cash equivalents and liquid funds and other listed investments) was 34%. HWL Group's long term credit ratings were "A3" from Moody's, "A-" from Standard & Poor's and "A-" from Fitch.

5. Reporting requirements and conditions of the CCT Approval

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the CCT Approval is subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the acquisitions of the Connected Debt Securities and confirm in the annual report and accounts that acquisitions of the Connected Debt Securities have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming that acquisitions of the Connected Debt Securities:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group; if applicable
 - (iii) have been entered into in accordance with the relevant agreements governing the acquisitions of the Connected Debt Securities; and
 - (iv) have not exceeded the Cap;

- (c) the Company shall allow, and shall procure the relevant counterparties to the acquisitions of the Connected Debt Securities to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on acquisitions of the Connected Debt Securities as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements attached to the CCT Approval, in particular, (i) the restriction of the value of the acquisitions of the Connected Debt Securities by way of the Cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the acquisitions of the Connected Debt Securities and the Cap not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of acquisitions of the Connected Debt Securities and assist to safeguard the interests of the Independent Shareholders.

DISCUSSION AND ANALYSIS

Based on our review of the recently completed audited balance sheet at 31 December 2008, we consider that the Group is prudently funded, with a conservative gearing ratio (based on net debt divided by net assets) of 3.4%. In addition, it has a strong liquidity position with positive net current assets of HK\$3,380 million.

The Group recorded a loss on its treasury activities in 2008. The Directors consider they will be able to increase returns on the Group's surplus liquidity significantly by investing in longer dated instruments, particularly corporate bonds of good quality. In so doing, the Directors would like the flexibility of being able to invest in bonds issued by companies which may be classified as connected persons for this purpose, as among other things, the Directors are more familiar with the business, management and credit standing of such companies than they would normally be for arms length companies. This is only additional flexibility being accorded to the Directors and there is no obligation to acquire any Connected Debt Securities. Summary balance sheet information on HWL and its subsidiaries, the connected persons whose Connected Debt Securities may be acquired, is set out above. We consider HWL Group has a strong financial position.

It would not be prudent to put all or even a majority of Group liquidity into such instruments and consequently protections and limitations are proposed, an approach with which we concur. We consider the 20% limit, in aggregate and for one issue (with some flexibility), is a widely used to upper limit when designing a portfolio to achieve a certain degree of diversification. Other limitations relate to liquidity, credit rating, lack of zero coupon or option/convertible features, currency and maturity. We consider that, taken together, this array of protections and limitations will provide a sound framework for a liquidity investment policy which should improve returns while keeping increased risks within prudent limits.

OPINION

Having taken into account the above principal factors and reasons, we consider that the Master Agreement is on normal commercial terms and is being entered into in the ordinary and usual course of business of the Group. We further consider that the terms of the CCT Approval (including the Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the AGM to grant the CCT Approval.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

2. DISCLOSURE OF INTERESTS

(1) Directors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Positions in Shares

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Company	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 1)	1,912,109,945	84.82%
	Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%
Hutchison Whampoa Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	1,086,770 (Note 3)	2,141,698,773 (Note 2)	2,142,785,543	50.26%
	Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	-	-	100,000	0.002%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	4,310,875 (Note 5)	-	4,310,875	0.10%
	Chow Woo Mo Fong, Susan	Beneficial owner	150,000	-	-	-	150,000	0.003%
	Frank John Sixt	Beneficial owner	50,000	-	-	-	50,000	0.001%
	Lan Hong Tsung, David	Beneficial owner	20,000	-	-	-	20,000	0.0004%
	Lee Pui Ling, Angelina	Beneficial owner	38,500	-	-	-	38,500	0.0009%
	George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	-	950,100 (Note 6)	1,000,000	0.02%
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	2,770 (Note 7)	2,770 (Note 7)	-	-	2,770	0.00006%

(i) Long Positions in Shares (Cont'd)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interests	Family Interests	Corporate Interests	Other Interests		
Hongkong Electric Holdings Limited	Li Tzar Kuoi, Victor	Interest of child or spouse & beneficiary of trusts	-	151,000	-	829,599,612 (Note 4)	829,750,612	38.87%
	Lee Pui Ling, Angelina	Beneficial owner	8,800	-	-	-	8,800	0.0004%
Hutchison Harbour Ring Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	6,399,728,952 (Note 8)	6,399,728,952	71.50%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 5)	-	5,000,000	0.05%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	-	1,000,000 (Note 5)	-	5,100,000	0.68%
	Frank John Sixt	Beneficial owner	1,000,000	-	-	-	1,000,000	0.13%
Hutchison Telecommunications International Limited	Li Tzar Kuoi, Victor	Interest of controlled corporations & beneficiary of trusts	-	-	2,519,250 (Note 3)	2,958,068,120 (Note 9)	2,960,587,370	61.49%
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,202,380 (Note 5)	-	1,202,380	0.025%
	Chow Woo Mo Fong, Susan	Beneficial owner	250,000	-	-	-	250,000	0.005%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	-	-	13,333	0.0003%

(ii) Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Telecommunications International Limited	Frank John Sixt	Beneficial owner	255,000 (Note 10)	-	-	-	255,000
Partner Communications Company Ltd.	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	225,000 (Note 11)	-	225,000
	George Colin Magnus	Beneficial owner	25,000 (Note 12)	-	-	-	25,000

(iii) Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
Hutchison Whampoa International (01/11) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$12,000,000 7% Notes due 2011 (Note 3)	-	US\$12,000,000 7% Notes due 2011
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$21,000,000 6.5% Notes due 2013 (Note 3)	-	US\$21,000,000 6.5% Notes due 2013
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	US\$2,500,000 6.5% Notes due 2013 (Note 5)	-	US\$2,500,000 6.5% Notes due 2013
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 6.5% Notes due 2013 (Note 7)	US\$100,000 6.5% Notes due 2013 (Note 7)	-	-	US\$100,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	-	-	US\$8,000,000 6.25% Notes due 2014 (Note 3)	-	US\$8,000,000 6.25% Notes due 2014
		Interest of controlled corporation	-	-	US\$15,000,000 7.45% Notes due 2033 (Note 3)	-	US\$15,000,000 7.45% Notes due 2033
	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	US\$2,500,000 5.45% Notes due 2010 (Note 5)	-	US\$2,500,000 5.45% Notes due 2010
		Interest of controlled corporation	-	-	US\$2,500,000 6.25% Notes due 2014 (Note 5)	-	US\$2,500,000 6.25% Notes due 2014
		Interest of controlled corporation	-	-	US\$2,000,000 7.45% Notes due 2033 (Note 5)	-	US\$2,000,000 7.45% Notes due 2033
	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$200,000 6.25% Notes due 2014 (Note 7)	US\$200,000 6.25% Notes due 2014 (Note 7)	-	-	US\$200,000 6.25% Notes due 2014
Hutchison Whampoa Finance (CI) Limited	Man Ka Keung, Simon	Beneficial owner & interest of child or spouse	US\$100,000 7.45% Notes due 2017 (Note 7)	US\$100,000 7.45% Notes due 2017 (Note 7)	-	-	US\$100,000 7.45% Notes due 2017

Notes:

1. The 1,912,109,945 shares in the Company comprise 1,906,681,945 shares held by a subsidiary of Hutchison Whampoa Limited (“HWL”) and 5,428,000 shares held by Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”).

The discretionary beneficiaries of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”) are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. TUT1 as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT1 related companies”) hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited (“CKH”). Certain subsidiaries of CKH in turn together hold more than one-third of the issued share capital of HWL.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the above and as a discretionary beneficiary of each of DT1 and DT2 and as a director of CKH, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies, the shares of HWL held by the subsidiaries of CKH and the shares of the Company held by each of the subsidiary of HWL and TUT1 as trustee of UT1 under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of CKH and has no duty of disclosure in relation to the shares of CKH held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

2. The 2,141,698,773 shares in HWL comprise:
 - (a) 2,130,202,773 shares held by certain subsidiaries of CKH. By virtue of the interests in shares of CKH in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH as described in Note 1 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and
 - (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited (“TUT3”) as trustee of The Li Ka-Shing Castle Trust (“UT3”). The discretionary beneficiaries of each of the two discretionary trusts (“DT3” and “DT4”) are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Each of the trustees of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited (“Castle Holdco”). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of HWL by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of HWL independently without any reference to Castle Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

Notes (Cont'd):

By virtue of the above and as a discretionary beneficiary of each of DT3 and DT4 and as a director of HWL, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HWL held by TUT3 as trustee of UT3 under the SFO as a Director of the Company. Although Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of HWL held by TUT3 as trustee of UT3 under the SFO.

3. Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
4. By virtue of being a Director of the Company and his deemed interest in those shares of the Company as described in Note 1 above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to those shares of Hongkong Electric Holdings Limited held through the Company under the SFO.
5. These interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
6. Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
7. Such interests are jointly held by Mr. Man Ka Keung, Simon and his wife.
8. Such shares of Hutchison Harbour Ring Limited ("HHR") are held by certain wholly-owned subsidiaries of HWL.

By virtue of the interests in the shares of HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of HWL as described in Note 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HHR under the SFO.

9. Such shares of Hutchison Telecommunications International Limited ("HTIL") comprise:
 - (a) 2,957,914,840 ordinary shares of which 52,092,587 ordinary shares and 2,905,822,253 ordinary shares are held by certain wholly-owned subsidiaries of CKH and HWL respectively. By virtue of the interests in the shares of CKH and HWL in relation to which Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of CKH and HWL as described in Notes 1 and 2 above and as a Director of the Company, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of HTIL under the SFO; and
 - (b) 153,280 ordinary shares held by TUT3 as trustee of UT3. Mr. Li Tzar Kuoi, Victor as a Director of the Company, by virtue of being a discretionary beneficiary of each of DT3 and DT4 and his deemed interests in TUT3 as trustee of UT3 as described in Note 2(b) above, is taken to have a duty of disclosure in relation to the said shares of HTIL under the SFO.
10. Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTIL beneficially owned by Mr. Frank John Sixt.
11. Such underlying shares are derived from the 225,000 American Depositary Shares (each representing one ordinary share) in Partner Communications Company Ltd. ("Partner Communications") held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
12. Such underlying shares are derived from the 25,000 American Depositary Shares (each representing one ordinary share) in Partner Communications beneficially owned by Mr. George Colin Magnus.

Mr. Li Tzar Kuoi, Victor, by virtue of being a Director of the Company and his interests in the share capital of the Company as a discretionary beneficiary of certain discretionary trusts as described in Note 1 above, is deemed to be interested in those securities of subsidiaries and associated companies of the Company held through the Company and in those securities of the subsidiaries of HWL held through HWL under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(2) Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Hutchison Infrastructure Holdings Limited	Beneficial owner	1,906,681,945 (Note i)	1,906,681,945	84.58%
Hutchison International Limited	Interest of controlled corporation	1,906,681,945 (Note ii)	1,906,681,945	84.58%
Hutchison Whampoa Limited	Interest of controlled corporations	1,906,681,945 (Note ii)	1,906,681,945	84.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,906,681,945 (Note iii)	1,906,681,945	84.58%
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,912,109,945 (Note iv)	1,912,109,945	84.82%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	84.82%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,912,109,945 (Note v)	1,912,109,945	84.82%
Li Ka-shing	Founder of discretionary trusts	1,912,109,945 (Note v)	1,912,109,945	84.82%

Notes:

- i. 1,906,681,945 shares of the Company are held by Hutchison Infrastructure Holdings Limited, a subsidiary of HWL. Its interests are duplicated in the interests of HWL in the Company described in Note ii below.
- ii. HWL is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note i above as it holds more than one-third of the issued share capital of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited.
- iii. CKH is deemed to be interested in the 1,906,681,945 shares of the Company referred to in Note ii above as certain subsidiaries of CKH hold more than one-third of the issued share capital of HWL.
- iv. TUT1 as trustee of UT1 is deemed to be interested in those shares of the Company described in Note iii above as TUT1 as trustee of UT1 and TUT1 related companies hold more than one-third of the issued share capital of CKH and TUT1 as trustee of UT1 holds 5,428,000 shares of the Company.
- v. By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each DT1 and DT2 for the purpose of the SFO, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares TUT1 as trustee of UT1 is deemed to be interested in as referred to in Note iv above as all issued and outstanding units in UT1 are held by TDT1 as trustee of DT1 and by TDT2 as trustee of DT2. More than one-third of the issued share capital of TUT1 and of the trustees of the said discretionary trusts are owned by Unity Holdco. Mr. Li Ka-shing owns one-third of the issued share capital of Unity Holdco.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following shareholders were interested in 10% or more of the equity interests of the following subsidiaries of the Company:

Name of Subsidiary	Name of Shareholder	No. and Class of Shares Held	% of Shareholding	
			Directly	Indirectly
China Cement Company (International) Limited	Bell Investment Limited	300,000 Ordinary	30%	–
Guangdong GITIC Green Island Cement Co. Limited (廣信青洲水泥有限公司)	Bell Investment Limited	N/A	–	28.5%
Tangshan Tangle Road Co., Ltd.	唐山市交通開發總公司 (Tangshan City Transportation Development Company*)	N/A	49%	–
Zhumadian Gangma Road Development Co., Ltd.	駐馬市公路工程開發公司 (Zhumadian City Highway Construction Development Company*)	N/A	34%	–
Zhumadian Gangyi Road Development Co., Ltd.	駐馬市公路工程開發公司 (Zhumadian City Highway Construction Development Company*)	N/A	34%	–

* Name translated for reference purposes only in this circular

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

3. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of Directors or their respective associates (as defined in the Listing Rules) in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the “Competing Business”) as required to be disclosed pursuant to the Listing Rules were as follows:

(a) Core Business Activities of the Group

- (1) Development, investment and operation of energy infrastructure;
- (2) Development, investment and operation of transportation infrastructure;
- (3) Development, investment and operation of water infrastructure;
- (4) Development, investment and operation and commercialisation of infrastructure related business;
- (5) Investment holding and project management;
- (6) Securities investment; and
- (7) Information technology, e-commerce and new technology.

(b) Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Tzar Kuoi, Victor	Cheung Kong (Holdings) Limited	Managing Director and Deputy Chairman	(5), (6) & (7)
	Hutchison Whampoa Limited	Deputy Chairman	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Executive Director	(1), (5), (6) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(3), (6) & (7)
Kam Hing Lam	Cheung Kong (Holdings) Limited	Deputy Managing Director	(5), (6) & (7)
	Hutchison Whampoa Limited	Executive Director	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Executive Director	(1), (5), (6) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(3), (6) & (7)
	Spark Infrastructure Group	Non-executive Director	(1) & (5)
Ip Tak Chuen, Edmond	Cheung Kong (Holdings) Limited	Deputy Managing Director	(5), (6) & (7)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(3), (6) & (7)
	TOM Group Limited	Non-executive Director	(5), (6) & (7)
	CATIC International Holdings Limited	Non-executive Director	(1), (5) & (6)
	Excel Technology International Holdings Limited	Non-executive Director	(5), (6) & (7)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(5) & (6)
	The Ming An (Holdings) Company Limited	Non-executive Director	(5) & (6)
	ARA Asset Management Limited	Non-executive Director	(5) & (6)
Fok Kin Ning, Canning	Cheung Kong (Holdings) Limited	Non-executive Director	(5), (6) & (7)
	Hutchison Whampoa Limited	Group Managing Director	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Chairman	(1), (5), (6) & (7)
	Hutchison Harbour Ring Limited	Chairman	(7)
	Hutchison Telecommunications International Limited	Chairman	(7)
Andrew John Hunter	Hongkong Electric Holdings Limited	Executive Director	(1), (5), (6) & (7)
	Spark Infrastructure Group	Non-executive Director	(1) & (5)

(b) Interests in Competing Business (Cont'd)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Chow Woo Mo Fong, Susan	Hutchison Whampoa Limited	Deputy Group Managing Director	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Executive Director and Alternate Director	(1), (5), (6) & (7)
	TOM Group Limited	Non-executive Director	(5), (6) & (7)
	Hutchison Harbour Ring Limited	Executive Director	(7)
	Hutchison Telecommunications International Limited	Non-executive Director and Alternate Director	(7)
Frank John Sixt	Cheung Kong (Holdings) Limited	Non-executive Director	(5), (6) & (7)
	Hutchison Whampoa Limited	Group Finance Director	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Executive Director	(1), (5), (6) & (7)
	Hutchison Telecommunications International Limited	Non-executive Director	(7)
	TOM Group Limited	Non-executive Chairman	(5), (6) & (7)
Tso Kai Sum	Hongkong Electric Holdings Limited	Group Managing Director	(1), (5), (6) & (7)
Lee Pui Ling, Angelina	TOM Group Limited	Non-executive Director	(5), (6) & (7)
George Colin Magnus	Cheung Kong (Holdings) Limited	Non-executive Director	(5), (6) & (7)
	Hutchison Whampoa Limited	Non-executive Director	(1), (5), (6) & (7)
	Hongkong Electric Holdings Limited	Non-executive Director	(1), (5), (6) & (7)

Note: Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31st December, 2008, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

5. NO MATERIAL ADVERSE CHANGE

CKI is a diversified infrastructure investment company with businesses in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines, and is exposed to potential currency fluctuations in these countries and places in which the Group operate. The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial position or potential income, asset value and liabilities, but the Group confirms that it has not entered into any speculative derivative transaction and generally hedging arrangements are in place for overseas investments as appropriate.

Save as aforesaid, the Directors believe there has been no material adverse change in the financial or trading position of the Group since 31st December, 2008, being the date to which the latest published audited accounts have been made up.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Company or any of its subsidiaries.

7. EXPERT

- (a) The following are the qualifications of the expert who has given a letter which is contained or referred to in this circular:

Name	Qualifications
Somerley	Licensed corporation under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT Approval.

- (b) As at the Latest Practicable Date, Somerley did not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which have been since 31st December, 2008, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.
- (d) Somerley has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 7th April, 2009 and the references to its name included herein in the form and context in which they respectively appear.

8. Documents Available For Inspection

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong on weekdays (Saturdays and public holidays excepted) up to and including 21st April, 2009:

- (a) memorandum of association and bye-laws of the Company;
- (b) Master Agreement;
- (c) the letter from Somerley, the text of which as set out in Appendix IV to this circular; and
- (d) the written consent from Somerley referred to in paragraph 7(d) of this Appendix.

9. MISCELLANEOUS

- (a) The principal activities of the Group are development, investment and operation of infrastructure businesses in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines.
- (b) The company secretary of the Company is Ms. Eirene Yeung. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of Judicature in England and Wales, and she holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.
- (c) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (d) The principal share registrars and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda. The branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

**CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

NOTICE OF ANNUAL GENERAL MEETING

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, 14th May, 2009 at 2:45 p.m. for the following purposes:

1. To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31st December, 2008.
2. To declare a final dividend.
3. To elect Directors.
4. To appoint Auditor and authorise the Directors to fix their remuneration.
5. As a special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (1) **“THAT** a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding twenty per cent of the existing issued share capital of the Company at the date of this Resolution until the next Annual General Meeting (“Relevant Period”), such mandate to include the granting of offers or options (including bonds and debentures convertible into shares of the Company) which might be exercisable or convertible during or after the Relevant Period.”
- (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 shares of HK\$1.00 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 shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed ten per cent of the aggregate nominal amount of the 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.”
- (3) “**THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution No. 5(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 share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5(2) set out in the notice convening this meeting, provided that such amount shall not exceed ten per cent of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”
6. As a special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (1) “**THAT** the directors of the Company, acting together, individually or by committee, be and are hereby authorised to approve the acquisition of the bonds, notes, commercial paper or other similar debt instruments issued by Connected Issuers (as such expression is defined in the circular to Shareholders dated 7th April, 2009 in relation to the same and of which this Notice forms part (the “Circular”)) pursuant to the master agreement dated 3rd April, 2009 and made between the Company and Hutchison Whampoa Limited setting out the basis upon which the Company or its subsidiaries may acquire the Connected Debt Securities issued by the Connected Issuers, copy of which have been produced to this meeting marked “A” and signed by the Chairman of this meeting for identification purpose subject to the limitations set out in paragraph (2) below.”

(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 Group to acquire Connected Debt Securities be and is hereby generally and unconditionally approved;
- (b)
 - (i) the aggregate gross purchase price of Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of Connected Debt Securities sold, by the Company and its subsidiaries (the “Group”) (“Net Connected Debt Securities Position”) during the Relevant Period pursuant to the approval in paragraph (a) above shall not exceed 20% of the aggregate value of the subject issue and all outstanding Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
 - (ii) the Net Connected Debt Securities Position of the Group at any time during the Relevant Period shall not exceed: (a) HK\$2.2 billion or (b) 20% of the aggregate “net liquid assets” of the Group which is accounted for and consolidated in the accounts of the Company as at 31st December 2008, or if different, 20% of the Company’s “unaudited consolidated net liquid assets” as at the last day of the immediately preceding calendar quarter (the “Reference Date”), whichever is the lower. For this purpose, “net liquid assets” shall mean the aggregate value of cash, deposits and marketable securities (including for the avoidance of doubt any Connected Debt Securities held at the time) and the Company’s “unaudited consolidated net liquid assets” as at the Reference Date shall mean the aggregate value of the cash, deposits and marketable securities (including for the avoidance of doubt any Connected Debt Securities held at the time all valued at their respective fair market values as at such date) held by the Group which is accounted for and consolidated in the accounts of the Company as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date;
 - (iii) the Connected Debt Securities shall be (a) listed for trading on a recognised exchange, (b) offered to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended, (c) offered to persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, or (d) offered pursuant to an issue where the aggregate value of such issue and all other outstanding Connected Debt Securities of the same issuer is no less than US\$500 million or its equivalent in other currencies permitted under (vi) below, and in all cases the Connected Debt Securities shall be acquired by the Group only on normal commercial terms arrived at after arm’s length negotiations;

- (iv) the Connected Debt Securities shall be of at least investment grade or its equivalent;
 - (v) the Connected Debt Securities shall not include zero coupon instruments or instruments with any imbedded option, right to convert into or exchange for any form of equity interest or derivative;
 - (vi) the Connected Debt Securities shall be issued in any of the following currencies, Hong Kong Dollars, the United States Dollars, Canadian Dollars or such other currency as the Directors who have no material interest in the proposed acquisition of Connected Debt Securities consider in their reasonable opinion as posing a risk acceptable to the Group having regard to the Group's assets and businesses from time to time; and
 - (vii) the Connected Debt Securities shall have maturity not in excess of 15 years.
- (c) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until the earlier of:
- (i) the conclusion of the next Annual General Meeting of the Company; and
 - (ii) 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."

By Order of the Board
Eirene Yeung
Company Secretary

Hong Kong, 7th April, 2009

Notes:

- a. At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to be voted by way of a poll under the Company's Bye-law 66.
- b. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. Any such member who is a holder of two or more shares may appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- c. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's principal place of business at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be).

- d. Completion and return of the proxy form will not preclude a member from attending and voting at the Annual General Meeting or any adjournment thereof (as the case may be) should the member so desires.
- e. The Register of Members of the Company will be closed from Thursday, 7th May, 2009 to Thursday, 14th May, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to determine the entitlement to attend and vote at the Annual General Meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 6th May, 2009.
- f. In relation to item No. 3 above, Mr. Li Tzar Kuoi, Victor, Mr. Fok Kin Ning, Canning, Mr. Tso Kai Sum, Mr. Cheong Ying Chew, Henry and Mr. Barrie Cook will retire by rotation and, being eligible, have offered themselves for re-election at the Annual General Meeting. Details of the above Directors are set out in Appendix I to the circular of the Company dated 7th April, 2009 (the "Circular"). Details of submitting the proposal by a shareholder for nomination of a person for election as a Director of the Company at the Annual General Meeting are set out under the section headed "Proposed Election of Directors" in the Circular.
- g. In relation to Ordinary Resolution No. 5(2) above, the Explanatory Statement containing the information necessary to enable the members to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the Circular.
- h. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

This circular (“Circular”) (in both English and Chinese versions) has been posted on the Company’s website at www.cki.com.hk.

Shareholders may at any time choose to change your choice of language of the Company’s corporate communications to be despatched in the future (“Corporate Communications”) by reasonable prior notice in writing to the Company c/o the Company’s Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Corporate Communications include any document to be given or issued by or on behalf of the Company for your information or action, including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms.

Shareholders who have chosen to receive printed copy of the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.