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Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 215)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement dated 3 June 2015 issued jointly by CKHH, Cheung Kong Property Holdings Limited, Hutchison Whampoa Limited and CK Global Investments Limited, in which, among others, it was announced that on 3 June 2015, the Merger Proposal and the Spin-off Proposal had been completed.

Immediately following completion of the Merger Proposal, CKHH holds approximately 66.09% of the issued share capital of the Company. Accordingly, each of CKHH and the other members of the CKHH Group becomes a connected person of the Company by virtue of being either a substantial shareholder of the Company or an associate of CKHH.

CONTINUING CONNECTED TRANSACTIONS

On 4 June 2015, the Company and CKHH entered into the Master HTHKH Telecommunications Supplies Agreement, the Master CKHH Telecommunications Supplies Agreement and the Master Purchase Agreement which set out the framework terms governing the procurement of certain supplies between the Group and the CKHH Group for a period commencing from 3 June 2015 and ending on 31 December 2017.

The Company has set the caps for the period between 3 June 2015 and 31 December 2015 and for each of the two years ending 31 December 2016 and 2017 in respect of (i) the provision of the Group Telecommunications Supplies to the CKHH Group at HK\$244 million, HK\$446 million and HK\$495 million respectively, (ii) the Group's acquisition of the CKHH Telecommunications Supplies at HK\$138 million, HK\$286 million and HK\$342 million respectively, and (iii) the Group's acquisition of the Business Related Supplies at HK\$76 million, HK\$116 million and HK\$144 million respectively.

As one or more of the relevant percentage ratios represented by the largest Cap Amount under each of the Master Agreements is or are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Master Agreements constitute continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement dated 3 June 2015 issued jointly by CKHH, Cheung Kong Property Holdings Limited, Hutchison Whampoa Limited and CK Global Investments Limited, in which, among others, it was announced that on 3 June 2015, the Merger Proposal (as defined therein) and the Spin-off Proposal (as defined therein) had been completed.

Immediately following completion of the Merger Proposal, CKHH holds approximately 66.09% of the issued share capital of the Company. Accordingly, each of CKHH and the other members of the CKHH Group becomes a connected person of the Company by virtue of being either a substantial shareholder of the Company or an associate of CKHH.

CONTINUING CONNECTED TRANSACTIONS

On 4 June 2015, the Company and CKHH entered into the Master HTHKH Telecommunications Supplies Agreement, the Master CKHH Telecommunications Supplies Agreement and the Master Purchase Agreement which set out the framework terms governing the procurement of certain supplies between the Group and the CKHH Group for a period commencing from 3 June 2015 and ending on 31 December 2017, the principal terms of which are summarised below.

Master HTHKH Telecommunications Supplies Agreement

Subject matter

In the ordinary and usual course of business, members of the Group have been providing, and will continue to provide, to the CKHH Group certain Group Telecommunications Supplies to meet the business needs of the CKHH Group from time to time.

Under the Master HTHKH Telecommunications Supplies Agreement, the Company agrees to provide, or to procure its subsidiaries to provide, the Group Telecommunications Supplies to members of the CKHH Group as and when reasonably requested by the members of the CKHH Group from time to time during the term of such agreement.

Duration

The term of the Master HTHKH Telecommunications Supplies Agreement is from 3 June 2015 up to 31 December 2017, unless terminated by the Company or CKHH by not less than one month's written notice or otherwise in accordance with the other terms of the Master HTHKH Telecommunications Supplies Agreement.

Consideration and other terms

The relevant member of the CKHH Group and the relevant member of the Group will enter into separate contract with respect to each of the Group Telecommunications Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis, and will be on normal commercial terms which, from the Group's perspective, shall be no more favourable to the CKHH Group than those made available by the Group to its independent third party customers of the relevant Group Telecommunications Supplies. In particular, the fee chargeable by the relevant members of the Group shall be at market rates and be based by reference to the then prevailing market rates for the Group Telecommunications Supplies of similar or comparable scope, scale, quality, reliability and service levels charged by the Group or, if not available, the then prevailing market rates no more favourable than that the relevant members of the Group may make available to independent customers for the Group Telecommunications Supplies of similar or comparable scope, scale, quality, reliability and service levels.

Historical transaction amounts

The aggregate annual amounts received by the Group for the Group Telecommunications Supplies for the years ended 31 December 2012, 2013 and 2014 and three months ended 31 March 2015 were approximately HK\$134 million, HK\$152 million, HK\$177 million and HK\$40 million respectively.

Master CKHH Telecommunications Supplies Agreement

Subject matter

In the ordinary and usual course of business, members of the Group have been purchasing, and will continue to purchase from members of the CKHH Group certain CKHH Telecommunications Supplies to meet the business needs of the Group from time to time.

Under the Master CKHH Telecommunications Supplies Agreement, CKHH agrees to provide, or to procure other members of the CKHH Group to provide, the CKHH Telecommunications Supplies to members of the Group as and when reasonably requested by the members of the Group from time to time during the term of such agreement.

Duration

The term of the Master CKHH Telecommunications Supplies Agreement is from 3 June 2015 up to 31 December 2017, unless terminated by the Company or CKHH by not less than one month's written notice or otherwise in accordance with the other terms of the Master CKHH Telecommunications Supplies Agreement.

Consideration and other terms

The relevant member of the Group and the relevant member of the CKHH Group will enter into separate contract with respect to each of the CKHH Telecommunications Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis, and will be on normal commercial terms which, from the Group's perspective, shall be no less favourable to the Group than those which the Group could obtain from independent third party suppliers of comparable CKHH Telecommunications Supplies in the market. In particular, the Group will seek competitive quotes via tendering or other processes (including conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable CKHH Telecommunications Supplies in the market, where available) for management review with a view to ensuring that the fees payable by the Group to the CKHH Group in connection with the CKHH Telecommunications Supplies are fair and reasonable and comparable to those offered by independent third party suppliers having regards to the scope, scale, quality, reliability, and service levels of the CKHH Telecommunications Supplies required and the past performance of the relevant members of the CKHH Group when providing the CKHH Telecommunications Supplies.

Historical transaction amounts

The aggregate annual amounts paid by the Group for the CKHH Telecommunications Supplies for the years ended 31 December 2012, 2013 and 2014 and three months ended 31 March 2015 were approximately HK\$32 million, HK\$42 million, HK\$89 million and HK\$27 million respectively.

Master Purchase Agreement

Subject matter

In the ordinary and usual course of business, members of the Group have been purchasing, and will continue to purchase from members of the CKHH Group certain Business Related Supplies to support the business development of the Group from time to time.

Under the Master Purchase Agreement, CKHH agrees to provide, or to procure other members of the CKHH Group to provide, the Business Related Supplies to members of the Group as and when reasonably requested by the members of the Group from time to time during the term of such agreement.

Duration

The term of the Master Purchase Agreement is from 3 June 2015 up to 31 December 2017, unless terminated by the Company or CKHH by not less than one month's written notice or otherwise in accordance with the other terms of the Master Purchase Agreement.

Consideration and other terms

The relevant member of the Group and the relevant member of the CKHH Group will enter into separate contract with respect to each of the Business Related Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis, and will be on normal commercial terms which, from the Group's perspective, shall be no less favourable to the Group than those which the Group could obtain from independent third party suppliers of comparable Business Related Supplies in the market. In particular, before issuing a purchase order or awarding a purchase contract to the CKHH Group, the Group will seek competitive quotes via tendering or other processes (including conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable Business Related Supplies in the market) for management review with a view to ensuring that the fees payable by the Group to the CKHH Group in connection with the Business Related Supplies are fair and reasonable and comparable to those offered by independent third party suppliers having regards to the scope, scale, quality, reliability, and service levels of the Business Related Supplies required and the past performance of the relevant members of the CKHH Group when providing the Business Related Supplies.

Historical transaction amounts

The aggregate annual amounts paid by the Group for the Business Related Supplies for the years ended 31 December 2012, 2013 and 2014 and three months ended 31 March 2015 were approximately HK\$85 million, HK\$70 million, HK\$72 million and HK\$13 million respectively.

REASONS FOR, AND THE BENEFITS OF, THE ENTERING INTO THE MASTER AGREEMENTS

The Board believes that the entering into of the Master Agreements with CKHH will help to ensure the necessary supplies will continue to be available to the Group and/or the CKHH Group (as the case may be). It also helps to achieve business continuity and efficiency as well as minimise any potential disruption to the daily operation of the Group.

The Board (including the independent non-executive Directors) considers each of the Master Agreements to be on normal commercial terms, the transactions contemplated thereunder to be in the ordinary and usual course of business of the Group, and their terms to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE CAP AMOUNTS

It is expected that the maximum aggregate amount receivable or payable by the Group (as the case may be) in respect of each of the following categories of Supplies will not exceed the amounts set out below:

	For the period from 3 June to 31 December	Financial year ending 31 December	
	<u>2015</u> (approximately 7 months)	<u>2016</u>	<u>2017</u>
Provision of the Group Telecommunications Supplies by the Group to the CKHH Group.....	HK\$244 million	HK\$446 million	HK\$495 million
Purchase of the CKHH Telecommunications Supplies by the Group from the CKHH Group.....	HK\$138 million	HK\$286 million	HK\$342 million
Purchase of the Business Related Supplies by the Group from the CKHH Group.....	HK\$76 million	HK\$116 million	HK\$144 million

The Cap Amounts in respect of:

(a) the Group Telecommunications Supplies were arrived at by reference to (i) the historical transaction amounts in respect of these supplies during the past financial years, (ii) the amount payable by the CKHH Group for these supplies in respect of the transactions currently in existence, (iii) the estimated increase in the costs of the Group Telecommunications Supplies, taking in account the prevailing market conditions and inflation rate, and (iv) the estimated growth in demand from the CKHH Group for these supplies, in particular, the procurement of local and international fixed-line telecommunications services of the Group. Being a centralised international traffic manager and deliverer (the “International Traffic Manager”) for certain mobile operators within the CKHH Group commencing mid-2014, the Group has been providing procurement of local and international fixed-line telecommunications services to various mobile operators within the CKHH Group to arrange for onward transmission of international traffic generated by the customers of such members of the CKHH Group to the oversea destinations. This new engagement has generated promising growth in the historical and projected transaction amounts in respect of the Group Telecommunications Supplies in 2015, as compared to 2014, and is forecasted to continue to generate substantial increase in the relevant transaction amounts in 2016 and 2017;

(b) the CKHH Telecommunications Supplies were arrived at by reference to (i) the historical transaction amounts in respect of these supplies during the past financial years, (ii) the amount payable by the Group for these supplies in respect of the transactions currently in existence, (iii) the estimated increase in the costs of the CKHH Telecommunications Supplies, taking in account the prevailing market conditions and inflation rate, and (iv) the estimated amount of CKHH Telecommunications Supplies required by the Group in support of its business, which is expected to have a substantial increase from 2015 onward based on (aa) the estimated growth in market demand for data centre services across a wide variety of customer sectors including government departments, international banks and multinational corporations, as well as cloud computing service providers and internet content providers; and (bb) the estimated growth in the need of the Group for local and international fixed-line telecommunications services from the CKHH Group to build the global interconnections network that the Group required to support its engagement as the International Traffic Manager of various telecommunications operators including members of the CKHH Group; and

(c) the Business Related Supplies were arrived at by reference to (i) the historical transaction amounts in respect of these supplies during the past financial years, (ii) the amount payable by the Group for these supplies in respect of the transactions currently in existence, (iii) the expected increase in demand for these supplies in support of the upcoming business initiatives and projects to be carried out by the Group during the term of the Master Purchase Agreement, and (iv) the estimated adjustment in service/management fee and dealership commission, taking into account the estimated increase in costs of these supplies and inflation rate. In particular, the Group entered into a new dealership arrangement with the CKHH Group in October 2014 pursuant to which certain sale and marketing activities of the Group are to be conducted via the retail network of the CKHH Group in Hong Kong. Such new arrangement is expected to be implemented in phases, with a substantial part of it to take place in the second half of 2015 and full implementation by mid-2016. Based on such expected implementation schedule, the additional dealership commission payable to the CKHH Group under such new arrangement has resulted in a significant increase in 2015, and a gradual increase in 2016 and 2017, in the projected transaction amounts in respect of the Business Related Supplies.

The Board (including the independent non-executive Directors) is of the view that the Cap Amounts, which are determined by reference to the underlying considerations as mentioned above, are fair and reasonable.

LISTING RULES IMPLICATIONS

As each of CKHH and the other members of the CKHH Group is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of CKHH, the provision of the Group Telecommunications Supplies by the Group to the CKHH Group and the purchase of the CKHH Telecommunications Supplies and the Business Related Supplies from the CKHH Group by the Group contemplated under the respective Master Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios represented by the largest Cap Amount under each of the Master Agreements is or are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Master Agreements constitute continuing connected transactions which are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the continuing connected transactions herein announced. Whilst no Director was required to abstain from voting on the Board resolutions passed in connection with this announcement, Mr Fok Kin Ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic voluntarily abstained from voting on the relevant Board resolutions passed to approve the entering into of the Master Agreements by the Company.

GENERAL

The Group is a provider of mobile telecommunications services in Hong Kong and Macau, and fixed-line telecommunications services in Hong Kong.

The CKHH Group operates and invests in five core businesses: ports and related services, retail, infrastructure, energy, and telecommunications.

DEFINITIONS

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

“associate” has the meaning ascribed to that term in the Listing Rules

“Board”	the board of Directors
“Business Related Supplies”	goods and services for use in connection with the businesses of the Group, including billing collection services; dealership services at retail outlets in Hong Kong for sale of handsets and/or telecommunications services; information technology (“IT”) related services, including IT platforms development services, software solutions and applications development services and other professional services; management services of Content, digital properties and online marketing activities; cash coupons and marketing, advertising and promotional services; business risks management services; equipment installation and maintenance services; lease and licensing services; and such other goods and services for use in connection with the businesses of the Group as may be agreed between the Company and CKHH from time to time, which exclude the CKHH Telecommunications Supplies
“Cap Amounts”	the maximum aggregate transaction amounts payable by the Group or the CKHH Group (as the case may be) for the relevant Supplies under each of the Master Agreements for the period between 3 June 2015 and 31 December 2015 and each of the two years ending 31 December 2016 and 2017 respectively, as set out in the section headed “The Cap Amounts” of this announcement above
“CKHH”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0001)
“CKHH Group”	CKHH and its subsidiaries, which for the purpose of this announcement exclude members of the Group
“CKHH Telecommunications Supplies”	telecommunications goods and services of the CKHH Group, including roaming services; local and international fixed-line telecommunications services (including international direct dialing services and international private leased circuits); data centre services; and such other telecommunications goods and services of the CKHH Group as may be agreed between the Company and CKHH from time to time, which exclude the Business Related Supplies
“Company”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215) and whose American Depositary Shares are eligible for trading in the United States of America only in the over-the-counter market
“connected person”	has the meaning ascribed to that term in the Listing Rules
“Content”	any information, material or other content (including text, data, graphics, audio-visual, stills, software, application or database content) which is accessible by a third party using wireless service

“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Group Telecommunications Supplies”	telecommunications products and services of the Group, including mobile and fixed-line telecommunications products (including mobile handsets, accessories and fixed-line equipment); data centre services (including data centre facilities (such as power supply, telecommunications connectivity, air-conditioning, fire prevention and security systems), hardware and software management and co-location services); mobile telecommunications services (including international direct dialing and roaming services and other value-added services); telecommunications and Internet services (including local and international fixed-line telecommunications services, internet access bandwidth with value-added services, and internet and web-hosting services); procurement of local and international fixed-line telecommunications services (including international direct dialing); and such other telecommunications products and services of the Group as may be agreed between the Company and CKHH from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	collectively, the Master HTHKH Telecommunications Supplies Agreement, the Master CKHH Telecommunications Supplies Agreement and the Master Purchase Agreement
“Master CKHH Telecommunications Supplies Agreement”	the master CKHH telecommunications supplies agreement dated 4 June 2015 and made between the Company and CKHH which sets out the framework terms for the procurement of the CKHH Telecommunications Supplies
“Master HTHKH Telecommunications Supplies Agreement”	the master HTHKH telecommunications supplies agreement dated 4 June 2015 and made between the Company and CKHH which sets out the framework terms for the procurement of the Group Telecommunications Supplies
“Master Purchase Agreement”	the master purchase agreement dated 4 June 2015 and made between the Company and CKHH which sets out the framework terms for the procurement of the Business Related Supplies
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to that term in the Listing Rules

“substantial shareholder” has the meaning ascribed to that term in the Listing Rules

“Supplies” the Group Telecommunications Supplies, the CKHH Telecommunications Supplies and/or Business Related Supplies (as the case may be)

By Order of the Board

Edith Shih

Company Secretary

Hong Kong, 4 June 2015

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

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

(also Alternate to

Mrs CHOW WOO Mo Fong, Susan)

Deputy Chairman and Non-executive Director:

Mr LUI Dennis Pok Man

Executive Director:

Mr WONG King Fai, Peter

Non-executive Directors:

Mrs CHOW WOO Mo Fong, Susan

Mr Frank John SIXT

Mr LAI Kai Ming, Dominic

(also Alternate to Mr Frank John SIXT)

Mr MA Lai Chee, Gerald

(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Mr CHEONG Ying Chew, Henry

(also Alternate to

Dr WONG Yick Ming, Rosanna)

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna