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Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 215)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 10 September 2018, a 75.9%-owned subsidiary of the Company, HTCL, exercised a right of first refusal offered by the Communications Authority and is re-assigned the RFR Spectrum for the provision of mobile telecommunications services in Hong Kong for a 15-year term commencing from 30 September 2021. Based on the maximum unit SUF determined by the Communications Authority of HK\$70,000 for every 1 kHz of the RFR Spectrum, the maximum aggregate SUF payable by HTCL for the RFR Spectrum to the Communications Authority is HK\$1,400 million. The actual SUF payable by HTCL will be dependent upon the results of the auction of the Remaining Spectrum which is expected to take place in around the end of 2018.

As one or more of the relevant percentage ratios based on the maximum aggregate SUF payable by HTCL in connection with the Transaction is or are more than 5% but all are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the Company's compliance with the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 10 September 2018, a 75.9%-owned subsidiary of the Company, HTCL, exercised a right of first refusal offered by the Communications Authority and is re-assigned the RFR Spectrum. Re-assignment of the RFR Spectrum allows the holder the right to provide mobile telecommunications services in Hong Kong for a period of 15 years. Based on the maximum unit SUF determined by the Communications Authority of HK\$70,000 for every 1 kHz of the RFR Spectrum, the maximum aggregate SUF payable by HTCL for the RFR Spectrum to the Communications Authority is HK\$1,400 million. The actual SUF payable by HTCL will be dependent upon the results of the auction of the Remaining Spectrum which is expected to take place in around the end of 2018.

BACKGROUND

HTCL currently is the holder of the Existing Spectrum assigned by the Communications Authority. The current assignments are due to expire on 20 November 2020 for the frequency spectrum in 900 MHz band and on 29 September 2021 for the frequency spectrum in 1800 MHz band, respectively. By virtue of a statement issued by the Communications Authority and the Secretary for Commerce and Economic Development on 19 December 2017, the Communications Authority decided to adopt a hybrid option

between the administratively-assigned and market-based approaches in the re-assignment of 200 MHz of spectrum in the 900 MHz and 1800 MHz bands upon the expiry of the existing assignments for the provision of public mobile telecommunications services.

Accordingly, HTCL, being one of the four incumbent mobile network operators in Hong Kong, was offered a right of first refusal to be re-assigned the RFR Spectrum. The Communications Authority has stated that the auction of the Remaining Spectrum is expected to be conducted in around the end of 2018 and will be open for bidding by all interested parties. According to the Communications Authority, the new spectrum assignment period for all the spectrum in the 900 MHz band will be aligned to commence on 12 January 2021 for a 15-year period until 11 January 2036 and that for all the spectrum in the 1800 MHz band will commence on 30 September 2021 for a 15-year period until 29 September 2036.

CONDITIONS FOR THE EXERCISE OF THE RIGHT OF FIRST REFUSAL OF THE RFR SPECTRUM

SUF

Based on the maximum unit SUF of HK\$70,000 for every 1 kHz of the RFR Spectrum as determined by the Communications Authority in accordance with sections 4(1) to 4(3) of the Telecommunications Regulation, the maximum aggregate SUF payable by HTCL to the Communications Authority for the RFR Spectrum is HK\$1,400 million.

The SUF is payable by HTCL either (i) in full as a lump sum payment upfront on or before 30 July 2021; or (ii) by annual instalments with the first instalment payable on or before 30 July 2021 in a sum equivalent to the lump sum amount divided by 15 and the subsequent instalments increased every year by 2.5%. If HTCL chooses to pay the SUF by annual instalments, it is required to provide to the Communications Authority a rolling performance bond issued by a Qualifying Bank to guarantee payment of the SUF payable in respect of the RFR Spectrum. Whilst it has not decided upon the method of SUF payment, the Board currently intends to satisfy payment of SUF by a combination of internal resources of HTCL and external financing.

Irrevocable standby letter of credit

As a condition to the exercise of the right of first refusal to be re-assigned the RFR Spectrum, HTCL has provided to the Communications Authority an irrevocable standby letter of credit issued by a Qualifying Bank in the sum of HK\$1,400 million and will maintain its validity until 29 September 2021.

If HTCL fails to pay the required amount of SUF in respect of the RFR Spectrum (i.e. the full lump sum or the first annual instalment together with a performance bond guaranteeing SUF payment as mentioned above) by 30 July 2021, the Communications Authority will make a claim for the full amount of such SUF due under the standby letter of credit

If the actual SUF for every 1 kHz of the RFR Spectrum turns out to be below HK\$70,000 after the auction of the Remaining Spectrum which is expected to be conducted in around the end of 2018, HTCL may reduce the amount of the standby letter of credit to cover the actual SUF payable as determined in accordance with sections 4(1) to 4(3) of the Telecommunications Regulation.

REASONS FOR, AND THE BENEFITS OF, THE RE-ASSIGNMENT OF THE RFR SPECTRUM

As a provider of mobile telecommunications services in Hong Kong, HTCL offers an array of advanced mobile device and a rich portfolio of data services and applications. In order to continue to meet the demand for mobile data services in Hong Kong, HTCL strives to maximise the value and usage of radio spectrum, which by its nature is a limited and scarce resource. The Board is of the view that the RFR Spectrum is an indispensable part of the mobile telecommunications business of HTCL for meeting customers' communication needs.

The Board considers the re-assignment of the RFR Spectrum to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is a provider of mobile telecommunications services in Hong Kong and Macau.

The Communications Authority is an independent statutory body established under the Communications Authority Ordinance (Chapter 616 of the Laws of Hong Kong) (the "CAO") on 1 April 2012 to act as the regulator of the broadcasting and telecommunications industries in Hong Kong in accordance with the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong), the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong), the CAO, the Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong), and the Broadcasting (Miscellaneous Provisions) Ordinance (Chapter 391 of the Laws of Hong Kong). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Communications Authority is a third party independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios based on the maximum aggregate spectrum utilisation fee payable by HTCL in connection with the Transaction is or are more than 5% but all are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the Company's compliance with the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"ADSs"	American depositary share(s) issued by the depositary namely Citibank N.A., each representing ownership of 15 shares of HK\$0.25 each in the capital of the Company
"Board"	the board of Directors
"Communications Authority"	Communications Authority of Hong Kong (formerly known as the Telecommunications Authority)
"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 ADSs are eligible for trading in the United States of America only in the over-the-counter market

“connected person”	has the meaning ascribed to such term in the Listing Rules
“Directors”	directors of the Company
“Existing Spectrum”	the 2 x 8.3 MHz of spectrum in the 900 MHz band and 2 x 11.6 MHz of spectrum in the 1800 MHz band, or a total of 39.8 MHz of frequency spectrum in the 900 MHz and 1800 MHz bands, which is due to expire on 20 November 2020 and 29 September 2021, respectively
“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 People’s Republic of China
“HTCL”	Hutchison Telephone Company Limited, a limited liability company incorporated in Hong Kong and a 75.9%-owned subsidiary of the Company
“kHz”	kilohertz
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MHz”	megahertz or million hertz
“Qualifying Bank”	an institution holding a full banking licence under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) which long term issuer rating is no less than (a) one or more of the following: (i) Moody’s A2; (ii) Standard & Poor’s A; (iii) Fitch Ratings’ A; or (b) a rating of a body other than a body listed in (a) above which the Communications Authority confirms in writing that it considers to be no less than one or more of the ratings in (a)
“Remaining Spectrum”	the remaining 70 MHz of spectrum in the 1800 MHz band and all the 50 MHz of spectrum in the 900 MHz band
“RFR Spectrum	the 2 x 10 MHz of spectrum in the frequency ranges of 1760 - 1770 MHz paired with 1855 - 1865 MHz
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUF”	spectrum utilisation fee
“subsidiary”	has the meaning ascribed to such term in Listing Rules
“Telecommunications Regulation”	the Telecommunications (Method for Determining Spectrum Utilisation Fee) (Administratively Assigned Spectrum in the 1800 MHz Band) Regulation (Chapter 106AF of the Laws of Hong Kong)
“Transaction”	the exercise of the right of first refusal to be re-assigned the RFR Spectrum

By Order of the Board

Edith SHIH

Non-executive Director and Company Secretary

Hong Kong, 10 September 2018

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

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and

Non-executive Directors:

Mr LUI Dennis Pok Man

Mr WOO Chiu Man, Cliff

Executive Director:

Mr KOO Sing Fai

Non-executive Directors:

Mr LAI Kai Ming, Dominic

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

Ms Edith SHIH

Mr MA Lai Chee, Gerald

(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Mr CHEONG Ying Chew, Henry

*(also Alternate to
Dr WONG Yick Ming, Rosanna)*

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna