



Press Release

**Hutchison Telecommunications Hong Kong Holdings Limited
Announces 2011 Interim Results**

**Strong growth in smartphone sales and data service revenue
Achieving sustained growth and creating value for shareholders**

Key Highlights:

- Leading integrated telecommunications operator with a total mobile customer base of 3.35 million in Hong Kong and Macau and the most extensive fibre-to-the-building infrastructure in Hong Kong.
- Consolidated turnover grew 41% to HK\$6,018 million, driven by strong growth in smartphone sales and data communications.
- Turnover of mobile business was HK\$4,553 million. Operating profit was HK\$537 million.
- Turnover of fixed-line business was HK\$1,653 million. Operating profit was HK\$198 million.
- Profit attributable to shareholders of the Company for the first half of 2011 increased by 37% to HK\$494 million.
- Earnings per share rose 37% to 10.25 HK cents.
- Interim dividend per share recommended at 5.16 HK cents, a growth of 55%.

Hong Kong, 1 August 2011 - Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"; "the Group"; Stock Code: 215) today announced its interim results for the six months ended 30 June 2011.

The Group delivered sustained growth over the period under review. Mainly driven by the turnover growth from its mobile business as a result of strong smartphone sales, consolidated turnover for the first six months of 2011 amounted to HK\$6,018 million, representing growth of 41% compared with HK\$4,283 million for the corresponding period in 2010.

Total operating expenses, excluding cost of inventories sold, were HK\$3,544 million for the first half of 2011, a 3% increase compared with HK\$3,441 million in 2010. Profit attributable to shareholders of the Company was HK\$494 million, a 37% increase compared with HK\$361 million for the first half of 2010. Earnings per share was 10.25 HK cents for the six months ended 30 June 2011, compared with 7.50 HK cents for the same period in 2010.

The board of directors (the "Board") has adopted a policy to distribute 75% of annual profits attributable to shareholders of the Company (excluding any profits from disposals or other one time items) by way of dividends. For the first half of 2011, the Board recommends the payment of an interim dividend of 5.16 HK cents (30 June 2010: 3.32 HK cents) per share, or HK\$249 million (30 June 2010: HK\$160 million) in total.

Mr Peter Wong, Chief Executive Officer of HTHKH, said: "I am very pleased to report the encouraging interim results and an annual dividend payout ratio of 75%. In the first half of 2011, we achieved a robust turnover growth of 41% with the strong smartphone sales from our mobile business. We also leveraged our superior network, thorough customer knowledge and solid foundation built on sound financial performance to successfully manage the bandwidth demand in the new 'data era'. Our data service revenue from mobile operation grew 30% amid increasing smartphone popularity and greater market demand for data-centric service. Turnover of our fixed-line operation also achieved growth with the increasing market demand for data, bandwidth and IDD services. Going forward, we will build on the success of our past initiatives to benefit from accelerating bandwidth demand and to maintain service excellence, market leadership as well as to maximise value for customers and shareholders."

Operations Review

Mobile Business - Hong Kong and Macau

- Turnover increased by 61% to HK\$4,553 million.
- Mobile postpaid ARPU increased to HK\$238 from HK\$214.
- 30% growth in data service revenue.
- Mobile customer base grew to a total of 3.35 million.
- Operating profit was HK\$537 million.

Turnover from mobile business for the first six months of 2011 increased by 61% to HK\$4,553 million compared with HK\$2,831 million for the same period in 2010, driven by increased smartphone sales. The Group's mobile customer base grew to a total of 3.35 million as a result of increased mobile subscriber penetration and growing smartphone acceptance.

In addition, increasing smartphone popularity, coupled with greater demand for data-centric service, contributed to healthy ARPU growth. Mobile postpaid ARPU increased to HK\$238 from HK\$214 for the same period in 2010, with a 30% growth in data service revenue for the period under review.

Operating costs, excluding depreciation and amortisation, increased by 67% to HK\$3,775 million due to increase in handset costs in line with the increased smartphone sales. Depreciation and amortisation increased by 12% to HK\$241 million, compared with HK\$215 million for the same period in 2010. As a result, operating profit for the first six months of 2011 surged by 49% to HK\$537 million from HK\$361 million in 2010.

Fixed-line Business - Hong Kong

- Turnover increased to HK\$1,653 million.
- Strong presence in the carrier market, which accounted for 51% of total fixed-line revenue.
- Operating costs, excluding depreciation and amortisation, increased by 4% to HK\$1,134 million.
- Operating profit was HK\$198 million.

Turnover from fixed-line business for the first half of 2011 was HK\$1,653 million, compared with HK\$1,630 million for the same period in 2010. Growth driven by increasing demand for data, bandwidth and IDD services was tempered by intense price competition.

During the period, the Group continued to leverage its extensive optical-fibre network advantage in Hong Kong to offer a wide range of premium services and to deliver tailor-made solutions to manage the needs of specific customers. The Group has also continued to extend

its network reach to other parts of Asia, the United States of America, Europe, the Middle East and Africa.

Operating costs, excluding depreciation and amortisation, were HK\$1,134 million, a 4% increase when compared with the same period in 2010. Depreciation and amortisation was HK\$321 million, comparable with HK\$317 million in 2010. Operating profit was HK\$198 million, compared with HK\$226 million for the first six months of 2010, reflecting an acceleration of the Group's customer investment and acquisition in both corporate and residential sectors.

Outlook

In the mobile market, the Group continues to invest in expanding network capacity in preparation for rising bandwidth demand from customers. Initiatives include 2G spectrum "re-farming", which will allow more efficient use of existing resources, and the acquisition of radio spectrum in the 900MHz band, which will enable the Group to meet the explosion in data usage. The Group's launch of LTE service, scheduled for late 2011, will further enhance the Group's capability to provide high-speed and high-quality mobile telecommunications services.

In the fixed-line market, the Group is determined to maintain its leadership position in the local backhaul market as well as corporate and residential sectors and to maintain growth momentum via continued network improvement. The recent launch of 100M and above residential broadband services demonstrates the Group's commitment to capture the growing demand in the home broadband segment. The deployment of cutting-edge technologies, such as Gigabit Access Network (GAN), shows the Group's dedication to network excellence. At the same time, the Group will continue the extension of its global network reach to provide customers with the benefits of an enlarged and improved global network.

The Group aims to capitalise on the largest mobile subscriber base in Hong Kong, plus unrivalled network strength, to introduce fixed-mobile integration offers and comprehensive one-stop services that enhance the overall customer experience.

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About Hutchison Telecommunications Hong Kong Holdings Limited

Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH", Stock Code: 215) is a leading integrated telecommunications service operator in Hong Kong. HTHKH provides advanced mobile and Wi-Fi services, residential fixed broadband, residential telephone line and IDD services in Hong Kong under the "3ree Broadband" brand while delivering mobile services in Macau under the "3" brand. In addition, HTHKH provides sophisticated fixed-line telecommunications solutions to corporate and carrier customers in Hong Kong and around the world under the "HGC" brand. A group member of Hutchison Whampoa Limited (Stock Code: 13), HTHKH deploys the latest telecommunications technology to offer world-class telecommunications services and innovations, setting market trend and steering industry development.

For more information about HTHKH, please visit www.hthkh.com.

For 3 Hong Kong's services, please visit www.three.com.hk.

For 3 Macau's mobile services, please visit www.three.com.mo.

For HGC's fixed-line services, please visit www.hgc.com.hk.