

Chairman's Statement

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together the "Group") continued to be a major market player in both mobile and fixed-line businesses. The Group delivered another set of solid results for the year ended 31 December 2012, driven by the ability of the Group as an integrated telecommunications operator to meet the growing demand for smart devices and tailored telecommunications services.

Results

Consolidated turnover rose 16% from HK\$13,407 million in 2011 to HK\$15,536 million in 2012. Consolidated EBITDA increased 16% from HK\$2,611 million in 2011 to HK\$3,020 million in 2012. Consolidated EBIT increased 21% from HK\$1,432 million in 2011 to HK\$1,738 million in 2012. Profit attributable to shareholders of the Company rose 20% from HK\$1,020 million in 2011 to HK\$1,227 million in 2012. Basic earnings per share in 2012 were 25.46 HK cents, a 20% increase compared to 21.17 HK cents in 2011.

Dividends

The Board of Directors (the "Board") recommends payment of a final dividend of 13.03 HK cents (2011: 10.70 HK cents) per share for the year ended 31 December 2012. The proposed final dividend will be payable on Thursday, 30 May 2013 following approval at the Annual General Meeting of the Company, to those persons registered as shareholders of the Company on Tuesday, 21 May 2013, being the record date for determining shareholders' entitlement to the proposed final dividend. Including the interim dividend of 6.05 HK cents per share, full-year dividend will amount to 19.08 HK cents per share, representing a 20% increase compared to that of 2011. The payout is equivalent to 75% of profit attributable to shareholders for the year, in line with the dividend policy of the Company.

Business Review

Mobile business - Hong Kong and Macau

Smart device popularity and an upsurge in data usage continued to drive growth in the mobile business. Turnover increased 19% to HK\$12,383 million. EBITDA rose 23% to HK\$2,100 million and EBIT grew 25% to HK\$1,485 million, as a result of dedicated efforts of the Group to cultivate a high-value customer base and a strategic migration towards a non-subsidised handset business model.

As at 31 December 2012, our total customer base in Hong Kong and Macau was over 3.7 million (2011: 3.5 million) and 58% (2011: 53%) of our Hong Kong and Macau 3G and 4G postpaid customers were on smart devices. With continued rollout of our 4G Long-Term-Evolution ("LTE") service, and continued growth in customer demand for quality telecommunications applications and services, we expect a higher percentage of our customers to be on smart devices as the upward migration of our customer base continues. Postpaid ARPU⁽¹⁾ increased 7% to HK\$261 in 2012 from HK\$244 in 2011.

Our thorough understanding of customer needs enables us to design exclusive applications and services that ensure users reap the full benefits offered by smart devices. During 2012, we launched a host of practical and personalised initiatives including 3 Super Safe, WhatsApp Roaming Pass and 3 Super Smart Service.

We made investments to enhance network coverage throughout the year such as acquisition of a block of 30MHz 4G LTE spectrum in the 2300MHz band to support long-term business growth. We will continue to modernise our network, delivering wider and deeper coverage at the same time as accelerating spectrum reform activities and deploying new spectrum in the near future. We are determined to uphold our commitment to making sure our customers enjoy a truly excellent and reliable mobile experience.

(1) ARPU is defined as the monthly average revenue per user including a customer's contribution to handset or device cost in a service and hardware bundled plan.

Fixed-line business

Various segments of our fixed-line business continued to grow during the year, as we accelerated both geographic expansion and customer acquisition. Turnover from our fixed-line business in 2012 was HK\$3,640 million, showing an increase of 7% compared to 2011. EBITDA and EBIT in 2012 was HK\$1,050 million and HK\$383 million respectively, increasing 3% and 5% compared to 2011.

In international business, we continuously explore new markets and extend network reach which has involved forging new partnerships across continents while deepening existing ones. Our network strength and global reach form the cornerstone of our market position as a leading one-stop-shop service provider. Back in Hong Kong, our wholesale business is on the rise, driven by soaring demand for bandwidth in particular from local carriers as a result of the 4G LTE launch.

On the corporate front, our business enjoyed healthy growth as we introduced more new Information and Communications Technology services and products. We have joined forces with globally-renowned specialists to deliver world-class cloud computing and storage services supported by our state-of-the-art data centre facilities. Our cloud computing and data centre business is well-prepared to meet the needs of corporate customers. Drawing on years of experience and strong partnership support, we are ideally poised to take the lead in the development of cloud computing in the local market.

Turning to the residential sector, customers are looking for higher bandwidth connectivity and place greater value on tailored services. We launched an array of attractive offers including Android TV Box and Android K Box. We are in the vanguard of transforming household broadband service from mere provision of bandwidth to the offer of a whole new and exciting experience in home entertainment, featuring innovative and popular applications.

Outlook

Evolving technology has driven advancement in networks and devices to facilitate the exchange of information with improved speed, ease and convenience. As a leading integrated telecommunications operator, we are in an advantageous position to benefit from the trend of increasing data exchange and usage and to capitalise on future opportunities.

We have demonstrated a track record of growth and delivering sustainable returns, having laid a solid foundation for our operations with advanced network infrastructure supplemented by strong financial fundamentals. We are committed to seeking out opportunities to enhance service offerings for our customers and continue to invest in network projects in a disciplined manner to increase return to our shareholders.

Finally, I would like to take this opportunity to thank the Board and all staff members for their dedication, professionalism and determination to succeed.

FOK Kin Ning, Canning

Chairman

Hong Kong, 19 March 2013