



Hutchison Telecom
Hong Kong Holdings

2010 Interim Report



Striving for Excellence
Maximising Value



Hutchison Telecommunications Hong Kong Holdings Limited
(Stock Code : 215)



Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

FOK Kin-ning, Canning, BA, DFM, CA (Aus)
(also Alternate to Chow Woo Mo Fong, Susan)

Deputy Chairman and Non-executive Director

LUI Dennis Pok Man, BSc

Executive Director

WONG King Fai, Peter, MSc, FHKIE
Chief Executive Officer

Non-executive Directors

CHOW WOO Mo Fong, Susan, BSc

Frank John SIXT, MA, LLL

LAI Kai Ming, Dominic, BSc, MBA
(also Alternate to Frank John Sixt)

MA Lai Chee, Gerald, BCom, MA
(Alternate to Lai Kai Ming, Dominic)

Independent Non-executive Directors

CHEONG Ying Chew, Henry, MSc, BSc
(also Alternate to Wong Yick Ming, Rosanna)

LAN Hong Tsung, David, Member-CPPCC, GBS, ISO, JP

WONG Yick Ming, Rosanna, PhD, DBE, JP

AUDIT COMMITTEE

CHEONG Ying Chew, Henry *(Chairman)*

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

REMUNERATION COMMITTEE

FOK Kin-ning, Canning *(Chairman)*

CHEONG Ying Chew, Henry

LAN Hong Tsung, David

COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Contents

Corporate Information	
Operational Highlights	2
Chairman's Statement	3
Group Capital Resources and Other Information	5
Disclosure of Interests	8
Share Option Scheme	12
Corporate Governance	13
Changes in Information of Directors	14
Report on Review of Interim Financial Report	15
Condensed Consolidated Income Statement	16
Condensed Consolidated Statement of Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Interim Financial Report	21
Information for Shareholders	



Operational Highlights

- Consolidated turnover increased by 5% to HK\$4,283 million.
- Turnover of mobile business increased by 7% to HK\$2,831 million and its operating profit reached HK\$361 million.
- Turnover of fixed-line business maintained at HK\$1,630 million and its operating profit reported at HK\$226 million.
- First half profit attributable to shareholders of the Company increased by 41% to HK\$361 million.
- Earnings per share increased by 41% to 7.50 HK cents.
- Interim dividend per share recommended at 3.32 HK cents.



Chairman's Statement

I am pleased to present the interim results of the Group for the six months ended 30 June 2010.

Results

Consolidated turnover for the first six months of 2010 amounted to HK\$4,283 million, representing growth of 5% compared to HK\$4,097 million for the same period of 2009. Profit attributable to shareholders of the Company was HK\$361 million, an increase of 41% compared to HK\$256 million for 2009. Earnings per share were 7.50 HK cents for the six months ended 30 June 2010, compared to 5.32 HK cents for the same period of 2009.

Dividends

The board of directors (the "Board") recommends an interim dividend of 3.32 HK cents (30 June 2009: 1.12 HK cents) per share, or HK\$160 million (30 June 2009: HK\$54 million) in total, payable on Thursday, 2 September 2010 to registered shareholders of the Company on Tuesday, 24 August 2010. The register of members will be closed from Friday, 20 August 2010 to Tuesday, 24 August 2010, both days inclusive. The Board aims to maximise shareholder value by returning sustainable growth in dividends, in step with our healthy business performance.

Financial Review

The Group achieved steady year-on-year turnover growth of 5% despite lower interconnection revenue following the governmental deregulation of fixed-mobile interconnection arrangement. Total operating expenses were held at HK\$3,739 million during the first half of 2010, compared to HK\$3,698 million of 2009. As a result, operating profit increased by 36% to HK\$544 million. Interest and other finance costs decreased by 12% to HK\$64 million for the first half-year of 2010 compared to HK\$73 million in 2009, reflecting lower market interest rates and improving financial position. Taxation decreased by 8% to HK\$35 million compared to HK\$38 million in 2009.

Business Review

Mobile business – Hong Kong and Macau

Turnover from mobile business, for the first six months of 2010, increased by 7% to HK\$2,831 million compared to HK\$2,647 million for the same period of 2009, mainly driven by increasing data service. Our mobile customer base grew to a total of 3.1 million. Mobile postpaid ARPU increased to HK\$214 compared to HK\$202 for the same period of 2009 largely due to the recovery of the local economy and an upturn in spending and travelling trends. Although voice revenue was affected by sustained competitive price pressure, the mobile business reported approximately 40% robust growth in data service revenue for the period. Operating costs, excluding depreciation and amortisation, increased by 6% to HK\$2,255 million, in line with turnover growth. Depreciation and amortisation decreased by 36% to HK\$215 million, mainly due to a change in estimated useful lives of 2G network equipment in Hong Kong and more fully depreciated assets.



Fixed-line business - Hong Kong

Turnover from fixed-line business maintained at HK\$1,630 million, similar to the same period in 2009 at HK\$1,623 million, mainly attributable to continuing data growth in all markets offset by lower interconnection revenue following the governmental deregulation of the fixed and mobile interconnection arrangement in April 2009 and one time revenue items. Excluding these factors, fixed-line turnover grew 3%. Operating costs, excluding depreciation and amortisation, were HK\$1,087 million, 3% higher than the same period in 2009. Depreciation and amortisation was maintained at HK\$317 million, the same level as 2009.

Outlook

While 2009 was affected by the recession, the economy of Asia recovered considerably during the first half of 2010. Thanks to the advanced, integrated mobile and fixed-line infrastructure built in recent years, the **3** brand continues to rise in stature as the leading service provider in Hong Kong. The **3** brand can now be regarded as an ideal option for those seeking to enhance everyday lifestyle with iPhones, other smartphones and broadband data devices.

Moving forward, the Group will continue to focus on adopting, in a cost efficient manner, the latest advances in technology to meet the increasing demand for bandwidth and trustworthy data services. The fixed-line business is well placed to capture the fast-growing bandwidth demand opportunity as a leading optical-fibre carrier of backhaul services. The Group is also striving to meet the diverse needs of our international and corporate customers by providing capacity, as well as innovative solutions. We seek to command a prominent position in the international telecommunications market by co-operating with overseas operators and extending our global reach to serve carriers, service providers and enterprises around the world.

The Group is well positioned to develop fixed-mobile convergence (FMC) by optimising synergies between our mobile and fixed-line businesses. We focus on the latest technologies in order to deliver higher-value, one-stop and compelling integrated services, thereby enabling our customers to reap the full benefits of a new era of data connectivity. To underscore the convergence and one-stop services, the Group consolidates its fixed-line consumer business, mobile and Wi-Fi services as 3ree Broadband under the **3** family.

The Group continues to pursue service excellence and market leadership - and believes our strong financial performance will provide a solid foundation from which we will maximise value for shareholders and customers as a whole.

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

FOK Kin-ning, Canning
Chairman

Hong Kong, 2 August 2010



Group Capital Resources and Other Information

Treasury Management

The primary treasury and funding policies of the Group focus on liquidity management and maintaining an optimum level of liquidity, while funding subsidiary operations in a cost-efficient manner. Operating as a centralised service, the treasury function manages Group funding needs and monitors financial risks, such as those relating to interest and foreign exchange rates, as well as counterparty.

The Group cautiously plans to use derivatives – principally interest rate and foreign currency swaps plus forward currency contracts, as appropriate for risk management purposes only – for hedging transactions and managing Group assets and liabilities. Our policy is not to enter into derivative transactions and invest in financial products, such as hedge funds or similar vehicles, as part of any speculative exercise.

Cash management and funding

In general, financing is raised mainly in the form of bank borrowings to meet the funding requirements of the operating subsidiaries of the Group. Close monitoring of the overall debt position of the Group involves regular reviews of funding costs and maturity profile in order to facilitate refinancing.

Interest rate exposure

The Group is exposed to interest rate changes that affect Hong Kong dollar borrowings. The Group manages its interest rate exposure with a focus on reducing its overall cost of debt.

Foreign currency exposure

The Group runs telecommunications operations in Hong Kong and Macau, with transactions denominated in Hong Kong dollars and Macau Patacas. The Group is exposed to other currency movements, primarily in terms of certain trade receivables/payables and bank deposits denominated in United States dollars and Euros.

Credit exposure

The Group operates a central cash-management system for all subsidiaries. Surplus funds are managed in a prudent manner, usually in the form of deposits with banks or financial institutions attaining a minimum credit rating of AA-/Aa3 from Standard & Poor's and Moody's. Any deviation in these ratings requires approval from senior management in order to manage counterparty risk. Alternatively, surplus funds can be invested in marketable securities such as United States Treasury Bills and Commercial Papers/Certificates of Deposits issued by creditworthy issuers with short-term ratings at or above A1/P1 and long-term ratings at or above AA-/Aa3 from Standard & Poor's and Moody's. Counterparties and investment products must be approved by the Chief Financial Officer of the Group.

The Group is also exposed to counterparty credit risks in relation to operating activities, which are continuously monitored by management.



Liquidity and Capital Resources

The Group is financed by share capital, internally-generated funds and external borrowings. On 3 August 2007, the date of incorporation, the authorised share capital of the Company was US\$50,000 divided into 50,000 shares of US\$1 each. On the date of incorporation, one share was issued at par for cash. On 6 April 2009, the authorised share capital of the Company was increased by HK\$2,500 million by the creation of 10 billion shares valued at HK\$0.25 each. Then, 32 shares of HK\$0.25 each were issued at par for cash to Hutchison Telecommunications International (Cayman) Holdings Limited ("HTI Cayman"), the then immediate holding company of the Company. On the same date, the original issued share of US\$1 was repurchased by the Company at par for cancellation, and all unissued shares of US\$1 each in original authorised share capital of the Company of US\$50,000 were cancelled.

On 6 April 2009, the Company entered into an agreement with HTI Cayman that, subject to approval from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the spin-off of the Company, as well as approval from the Listing Committee of the Stock Exchange for the listing of Company shares on the Main Board of the Stock Exchange, 4,814,346,176 shares of HK\$0.25 each of the Company would be allotted and issued, credited as fully paid, to HTI Cayman as consideration for the capitalisation of the amount payable to HTI Cayman of approximately HK\$12,418 million. The above conditions were met and the aforesaid shares were issued on 7 May 2009.

During the six months ended 30 June 2010, an additional 250,000 shares of HK\$0.25 each were issued upon exercise of share options under the share option scheme of the Company. As at 30 June 2010, the Group recorded share capital of HK\$1,204 million and total equity of HK\$9,472 million. The cash and cash equivalents amounted to HK\$173 million as at 30 June 2010 (31 December 2009: HK\$268 million), 61% of which were denominated in Hong Kong dollars, 16% in United States dollars and the remainder in various other currencies. As at 30 June 2010, the Group recorded bank borrowings of HK\$3,702 million (31 December 2009: HK\$4,358 million) which were denominated in Hong Kong dollars and repayable in late 2012. The gearing ratio, calculated by dividing net debt by total shareholders' equity, was 37% as at 30 June 2010 (31 December 2009: 44%).

Cash Flows

The Group maintains a healthy financial position, benefiting from steady growth in cash flows. During the six months ended 30 June 2010, net cash generated from operating activities and used in investing activities amounted to HK\$1,353 million and HK\$491 million respectively (30 June 2009: HK\$1,164 million and HK\$702 million respectively). Major outflow of funds during the period under review included payments for the purchase of property, plant and equipment and final dividend, as well as repayment of borrowings.

Charges on Group Assets

As at 30 June 2010, except for certain shares of a 50:50 joint venture owned by the Group which were pledged as security in favour of another joint venture partner under a cross share pledge arrangement, none of the assets of the Group was under any charge.

Capital Expenditure

Capital expenditure on property, plant and equipment for the first six months of 2010 was HK\$488 million, compared to HK\$560 million in the same period of 2009, mainly incurred for the network upgrades and expansion to support business growth.

Contingent Liabilities

As at 30 June 2010, the Group had contingent liabilities in respect of performance guarantees amounting to HK\$641 million (31 December 2009: HK\$637 million) and financial guarantees amounting to HK\$13 million (31 December 2009: HK\$16 million), which mainly represented performance bonds issued to the Office of the Telecommunications Authority of Hong Kong in respect of our 3G and Broadband Wireless Access spectrum licence obligations.



Staff

As at 30 June 2010, the Group and subsidiaries employed 1,730 staff members. Related costs during the six-month period ended 30 June 2010, including directors' emoluments, totalled HK\$314 million (30 June 2009: HK\$310 million).

The Group fully recognises the importance of high-quality human resource in sustaining market leadership. Salary and benefits are kept at competitive levels, while individual performance is rewarded within the general framework of the salary, bonus and incentive system of the Group, which is reviewed annually. Employees are provided with a wide range of benefits that include medical coverage, provident funds, retirement plans, long-service awards and share option plan. The Group places strong emphasis on staff development and provided training programmes on an ongoing process throughout the period. Employees are also encouraged to play an active role in community care activities arranged by the Group.

Corporate Social Responsibility

The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment to the community helps to differentiate our brand among competitors. We promote our Group as a sound corporate citizen via sponsorship and marketing campaigns to help those less fortunate and in need of care. During the period under review, for example, we launched special telephony plans for the elderly that included a tailored handset with bargain-price tariff plans.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company. In addition, the Company has not redeemed any of its listed securities during the period.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 20 August 2010 to Tuesday, 24 August 2010, both days inclusive. In order to qualify for the interim dividend payable on Thursday, 2 September 2010, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Thursday, 19 August 2010.



Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, the interests and short positions of the Directors and Chief Executive 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 Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company (the "Model Code") were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held in American Depository Shares	Approximate % of shareholding
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 <i>(Note 1)</i>	-	0.0250%
Lui Dennis Pok Man	Beneficial owner	Personal interest	9,100,000	-	0.1890%
Wong King Fai, Peter	Beneficial owner	Personal interest	2,666,667	-	0.0554%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	250,000	-	0.0052%
Frank John Sixt	Beneficial owner	Personal interest	-	255,000 <i>(Note 2)</i>	0.0053%

Notes:

- Such ordinary shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.
- 17,000 American Depository Shares (each representing 15 ordinary shares) were held by Mr Frank John Sixt.



(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

Mr Fok Kin-ning, Canning had, as at 30 June 2010, the following interests:

- (i) corporate interests in 4,810,875 ordinary shares, representing approximately 0.113% of the then issued share capital, in Hutchison Whampoa Limited ("HWL");
- (ii) 5,100,000 ordinary shares, representing approximately 0.038% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.056% of the then issued share capital, in Hutchison Harbour Ring Limited; and
- (iv) corporate interests in (a) a nominal amount of US\$1,216,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (b) a nominal amount of US\$4,000,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and (c) a nominal amount of US\$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited.

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mr Wong King Fai, Peter had, as at 30 June 2010, family interests in 22,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL held by his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 30 June 2010, personal interests in 150,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HWL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2010, personal interests in (i) 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL; and (ii) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL.

Mr Lai Kai Ming, Dominic in his capacity as a beneficial owner had, as at 30 June 2010, personal interests in 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL.

Mr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 30 June 2010, personal interests in 20,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL.

Save as disclosed above, as at 30 June 2010, none of the Directors or Chief Executive of the Company and their respective associates 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 had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was 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 pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 30 June 2010, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons 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, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	(i) Beneficial owner	2,619,929,104) <i>(Note 1)</i>	
	(ii) Interest of a controlled corporation	493,445,149) <i>(Note 1)</i>	64.66%
Hutchison Telecommunications Group Holdings Limited ("HTGHL")	Interest of controlled corporations	3,113,374,253 <i>(Note 1)</i>	64.66%
Ommaney Holdings Limited ("OHL")	Interest of controlled corporations	3,113,374,253 <i>(Note 1)</i>	64.66%
Hutchison International Limited ("HIL")	Interest of controlled corporations	3,113,374,253 <i>(Note 1)</i>	64.66%
HWL	Interest of controlled corporations	3,113,374,253 <i>(Note 1)</i>	64.66%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	3,165,466,840 <i>(Note 2)</i>	65.74%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	3,165,466,840 <i>(Note 3)</i>	65.74%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	3,165,466,840 <i>(Note 4)</i>	65.74%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	3,165,466,840 <i>(Note 4)</i>	65.74%
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	3,165,620,120) <i>(Note 5)</i>	
	(ii) Interest of controlled corporations	362,839,499) <i>(Note 6)</i>	73.28%
Mayspin Management Limited ("Mayspin")	Interest of controlled corporations	362,839,499 <i>(Note 7)</i>	7.53%
Yuda Limited ("Yuda")	Beneficial owner	331,013,953 <i>(Note 8)</i>	6.87%



(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
T. Rowe Price Associates, Inc. and its affiliates	Investment manager	386,090,000	8.02%

Notes:

- HTIHL is a direct wholly-owned subsidiary of HTGHL, which in turn is a direct wholly-owned subsidiary of OHL, which in turn is a direct wholly-owned subsidiary of HIL, which in turn is a direct wholly-owned subsidiary of HWL. By virtue of the SFO, HWL, HIL, OHL and HTGHL were deemed to be interested in the 2,619,929,104 ordinary shares of the Company which HTIHL had direct interest and the 493,445,149 ordinary shares of the Company held by a wholly-owned subsidiary of HTIHL.
- Certain subsidiary companies of CKH together hold one-third or more of the issued share capital of HWL. By virtue of the above, CKH was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested as a substantial shareholder of the Company under the SFO. CKH was also interested in the share capital of the Company through certain wholly-owned subsidiary companies of CKH.
- TUT1, as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("related companies"), hold more than one-third of the issued share capital of CKH. By virtue of the above and the interest of TUT1 as trustee of UT1 and its related companies in the shares in CKH, TUT1 as trustee of UT1 was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.
- Each of TDT1 as trustee of a discretionary trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2") holds units in UT1. By virtue of the above and its interest of holding units in UT1, each of TDT1 as trustee of DT1 and TDT2 as trustee of DT2 was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.
- Mr Li is the settlor of each of DT1, DT2 and two discretionary trusts ("DT3" and "DT4") and may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO. Mr Li is also interested in one-third of the entire issued share capital of two companies owning the entire issued share capital of TUT1, TDT1, TDT2, Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"), Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3 and Li Ka-Shing Castle Trustcorp Limited as trustee of DT4 where appropriate. By virtue of the above and as a director of CKH, Mr Li was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested and held by TUT3 as trustee of UT3 (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.
- Such ordinary shares were held by companies of which Mr Li is interested in the entire issued share capital.
- Mayspin is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by the companies described in Note 6 above.
- Yuda is a direct wholly-owned subsidiary of Mayspin, which in turn is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by one of the companies described in Note 6 above.

Save as disclosed above and so far as is known to the Directors or Chief Executive of the Company, as at 30 June 2010, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position 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, or as otherwise notified to the Company and the Stock Exchange.



Share Option Scheme

Particulars of share options outstanding under the share option scheme of the Company (the "Share Option Scheme") at the beginning and at the end of the financial period for the six months ended 30 June 2010 and share options granted, exercised, lapsed or cancelled under the Share Option Scheme during such period are as follows:-

Category of participants	Date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2010	Granted	Exercised	Lapsed/ cancelled	Number of share options held at 30 June 2010	Exercise period of share options	Exercise price of share options ⁽²⁾ HK\$	Price of share of the Company	
			during the six months ended 30 June 2010	during the six months ended 30 June 2010	during the six months ended 30 June 2010				at the grant date of share options ⁽³⁾ HK\$	at the exercise date of share options ⁽⁴⁾ HK\$
Employees in aggregate	1.6.2009	4,750,000	-	(250,000)	-	4,500,000	1.6.2009 to 31.5.2019 (both dates inclusive)	1.00	0.96	1.58
Total		4,750,000	-	(250,000)	-	4,500,000				

Notes:

- The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of the Company which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the Share Option Scheme) on such vesting date.*
- The exercise price of the share options is subject to adjustment in accordance with the provisions of the Share Option Scheme.*
- The stated price was the closing price of the shares of the Company on The Stock Exchange of Hong Kong Limited on the trading day immediately prior to the date of the grant of the share options.*
- The stated price was the weighted average closing price of the shares of the Company immediately before the date(s) on which the share options were exercised.*

As at 30 June 2010, the Company had 4,500,000 share options outstanding under the Share Option Scheme.

No share option was granted under the Share Option Scheme during the six months ended 30 June 2010.



Corporate Governance

The Company is committed to achieving and maintaining the highest standards of corporate governance. The Board considers that effective corporate governance practices are essential to enhancing shareholder value and protecting stakeholder interests. Accordingly, the Board attributes a high priority to identifying and implementing appropriate corporate governance practices to ensure effective internal controls, transparency and accountability to all stakeholders.

Compliance with the Code on Corporate Governance Practices

The Company is fully compliant with all code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2010.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding Directors' securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the accounting period covered by this interim report.

Audit Committee

The Audit Committee of the Company comprises three Independent Non-executive Directors who possess appropriate business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. The Audit Committee is chaired by Mr Cheong Ying Chew, Henry with Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna as members. The Audit Committee is authorised to obtain external legal or other independent professional advice if it considers necessary. The Committee meets regularly with management, the internal auditor and representatives of the external auditor of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group and reports directly to the Board. The terms of reference of the Audit Committee adopted by the Board are published on the website of the Company. The unaudited condensed consolidated interim financial report of the Group for the six months ended 30 June 2010 has been reviewed and endorsed by the Audit Committee of the Company.

Remuneration Committee

The Remuneration Committee of the Company comprises three members with expertise in human resources and personnel emoluments. The Remuneration Committee is chaired by the Chairman of the Company, Mr Fok Kin-ning, Canning with Mr Cheong Ying Chew, Henry and Mr Lan Hong Tsung, David, both Independent Non-executive Directors, as members. The Remuneration Committee is charged with the responsibility of assisting the Board in achieving its objective of attracting, retaining and motivating personnel of the highest calibre and experience needed to develop and implement the strategy of the Group. It is also responsible for the development and administration of a fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Company and for determining their remuneration packages. The terms of reference of the Remuneration Committee adopted by the Board are published on the website of the Company.



Changes in Information of Directors

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the changes in information of Directors of the Company subsequent to the date of the 2009 Annual Report are set out below:

Name of Director	Details of Changes
Fok Kin-ning, Canning	<ul style="list-style-type: none"> - Appointed as Alternate Director to Chow Woo Mo Fong, Susan, a Non-executive Director of the Company, on 11 May 2010 - Resigned as chairman and non-executive director of Hutchison Telecommunications International Limited⁽¹⁾ ("HTIL") on 26 May 2010
Lui Dennis Pok Man	Resigned as executive director and chief executive officer of HTIL on 5 June 2010
Chow Woo Mo Fong, Susan	Resigned as non-executive director of HTIL and ceased to be alternate director to Fok Kin-ning, Canning and Frank John Sixt of HTIL on 26 May 2010
Frank John Sixt	Resigned as non-executive director of HTIL on 26 May 2010
Lai Kai Ming, Dominic	Appointed as Alternate Director to Frank John Sixt, a Non-executive Director of the Company, on 11 May 2010
Cheong Ying Chew, Henry	<ul style="list-style-type: none"> - Appointed as an independent non-executive director of Creative Energy Solutions Holdings Limited⁽²⁾ on 29 July 2010 - Appointed as an independent non-executive director of BTS Group Holdings Public Company Limited⁽³⁾ on 29 July 2010
Lan Hong Tsung, David	Appointed as an independent non-executive director of ARA Asset Management (Fortune) Limited (as manager of Fortune Real Estate Investment Trust ⁽⁴⁾) on 29 July 2010
Wong Yick Ming, Rosanna	The name of Mars Global Independent Advisory Group of Mars, Incorporated, of which Wong Yick Ming, Rosanna is a member, has been changed to Mars, Incorporated, Global Advisor

Notes:

1. *The listing of the ordinary shares of Hutchison Telecommunications International Limited on the Main Board of the Stock Exchange was withdrawn on 25 May 2010 and the delisting of its American depositary shares on New York Stock Exchange, Inc. was effective on 4 June 2010 (New York time)*
2. *A company listed on the Growth Enterprise Market of the Stock Exchange*
3. *A company listed on The Stock Exchange of Thailand*
4. *A real estate investment trust listed on Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange*



Report on Review of Interim Financial Report

TO THE BOARD OF DIRECTORS OF HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 16 to 32, which comprises the condensed consolidated statement of financial position of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2 August 2010



Condensed Consolidated Income Statement

for the six months ended 30 June 2010

	Note	Unaudited	
		2010 HK\$ millions	2009 HK\$ millions
Turnover	5	4,283	4,097
Cost of inventories sold		(298)	(279)
Staff costs		(314)	(310)
Depreciation and amortisation		(532)	(650)
Other operating expenses		(2,595)	(2,459)
Operating profit		544	399
Interest income	7	2	-
Interest and other finance costs	7	(64)	(73)
Share of results of jointly controlled entities		(21)	(8)
Profit before taxation		461	318
Taxation	8	(35)	(38)
Profit for the period		426	280
Attributable to:			
Equity holders of the Company		361	256
Non-controlling interests		65	24
		426	280
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):			
- basic	9	7.50	5.32
- diluted	9	7.50	5.32

Details of interim dividend to equity holders of the Company are set out in Note 10. The accompanying notes are an integral part of this condensed consolidated interim financial report.



Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Unaudited	
	2010 HK\$ millions	2009 HK\$ millions
Profit for the period	426	280
Other comprehensive income and net income recognised directly in equity		
Currency translation differences	(1)	-
Total comprehensive income for the period, net of tax	425	280
Total comprehensive income attributable to:		
Equity holders of the Company	360	256
Non-controlling interests	65	24
	425	280

The accompanying notes are an integral part of this condensed consolidated interim financial report.



Condensed Consolidated Statement of Financial Position

as at 30 June 2010

	Note	Unaudited 30 June 2010 HK\$ millions	Audited 31 December 2009 HK\$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	11	9,464	9,436
Goodwill		4,503	4,503
Other intangible assets		311	336
Other non-current assets	12	1,274	1,328
Deferred tax assets		368	368
Investments in jointly controlled entities		266	270
Total non-current assets		16,186	16,241
Current assets			
Cash and cash equivalents	13	173	268
Trade receivables and other current assets	14	1,126	1,085
Inventories		112	160
Total current assets		1,411	1,513
Total assets		17,597	17,754
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	1,204	1,204
Reserves		8,752	8,689
		9,956	9,893
Non-controlling interests		(484)	(549)
Total equity		9,472	9,344
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		166	134
Borrowings	16	3,702	4,358
Other non-current liabilities	17	623	595
Total non-current liabilities		4,491	5,087
Current liabilities			
Trade and other payables	18	3,625	3,317
Current income tax liabilities		9	6
Total current liabilities		3,634	3,323
Total liabilities		8,125	8,410
Total equity and liabilities		17,597	17,754
Net current liabilities		(2,223)	(1,810)
Total assets less current liabilities		13,963	14,431

The accompanying notes are an integral part of this condensed consolidated interim financial report.



Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2010

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Accumulated losses	Cumulative translation adjustments	Pension reserve	Employee share-based compensation reserve	Other reserves	Total	Non-controlling interests	Total equity
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
As at 1 January 2010	1,204	11,181	(2,470)	1	(41)	1	17	9,893	(549)	9,344
Profit for the period	-	-	361	-	-	-	-	361	65	426
Currency translation differences	-	-	-	(1)	-	-	-	(1)	-	(1)
Dividends relating to 2009 paid in 2010 (Note 10)	-	-	(297)	-	-	-	-	(297)	-	(297)
As at 30 June 2010	1,204	11,181	(2,406)	-	(41)	1	17	9,956	(484)	9,472
As at 1 January 2009	-	-	(2,884)	1	(83)	-	17	(2,949)	(612)	(3,561)
Profit for the period	-	-	256	-	-	-	-	256	24	280
Issue of shares (Note 15(a))	1,204	11,214	-	-	-	-	-	12,418	-	12,418
Share issuance costs	-	(33)	-	-	-	-	-	(33)	-	(33)
Employee share option scheme - value of services provided	-	-	-	-	-	1	-	1	-	1
As at 30 June 2009	1,204	11,181	(2,628)	1	(83)	1	17	9,693	(588)	9,105

The accompanying notes are an integral part of this condensed consolidated interim financial report.



Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2010

	Note	Unaudited	
		2010 HK\$ millions	2009 HK\$ millions
Cash flows from operating activities			
Cash generated from operations	19	1,380	1,200
Interest and other finance costs paid		(27)	(35)
Tax paid		-	(1)
Net cash generated from operating activities		1,353	1,164
Cash flows from investing activities			
Purchases of property, plant and equipment		(488)	(560)
Additions to other non-current assets		(2)	(23)
Proceeds from disposals of property, plant and equipment		3	1
Payment relating to investments in jointly controlled entities		(4)	(195)
Repayment of loan from the partner of a jointly controlled entity		-	75
Net cash used in investing activities		(491)	(702)
Cash flows from financing activities			
Proceeds from borrowings		320	5,035
Repayment of loans		(980)	(5,460)
Share issuance costs		-	(33)
Dividend paid to the Company's shareholders	10	(297)	-
Net cash used in financing activities		(957)	(458)
(Decrease)/increase in cash and cash equivalents		(95)	4
Cash and cash equivalents as at 1 January		268	272
Cash and cash equivalents as at 30 June	13	173	276

The accompanying notes are an integral part of this condensed consolidated interim financial report.



Notes to the Condensed Consolidated Interim Financial Report

1 General information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. The address of its registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (together the "Group") are engaged in mobile telecommunications business in Hong Kong and Macau and fixed-line telecommunications business in Hong Kong.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and whose American depository shares, each representing ownership of 15 shares, are eligible for trading in the United States of America only in the over-the-counter market.

This unaudited condensed consolidated interim financial report ("interim financial report") has been approved for issuance by the Board of Directors on 2 August 2010.

2 Basis of preparation

This interim financial report for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard 34 "Interim financial reporting". This interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards.

As at 30 June 2010, the Group's current liabilities exceeded its current assets by approximately HK\$2,223 million. The Group's future funding requirements can be met through a revolving and term credit facility of HK\$5,000 million from a group of international commercial banks which is available up to 2 December 2012. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, this interim financial report has been prepared on a going concern basis.

3 Significant accounting policies

This interim financial report has been prepared under the historical cost convention. The accounting policies and methods of computation used in the preparation of this interim financial report are consistent with those used in 2009 annual financial statements and the Group has adopted all the new and revised standards, amendments and interpretations that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2010. The adoption of these new and revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies of the Group.



4 Critical accounting estimates and assumptions

With effect from 1 January 2010, the Group has revised the estimated useful lives of 2G network equipment in Hong Kong from 10 to 15 years or up to 31 December 2010 whichever is shorter, to 10 to 15 years or up to 31 December 2013 whichever is shorter.

The effect of the change in estimated useful lives has been recognised prospectively. If the Group had continued with the useful lives as estimated during the previous year, the depreciation expense charged to the condensed consolidated income statement for the current period would have been higher by approximately HK\$90 million with a corresponding decrease in the carrying value of property, plant and equipment. The depreciation charge of the relevant property, plant and equipment recognised during the current half-year period was approximately HK\$43 million. The depreciation expense for the relevant 2G network equipment in Hong Kong to be recorded in future years up to 2013 will be of similar or lower magnitude.

5 Turnover

Turnover comprises revenues from the provision of mobile telecommunications services, handset and accessory sales and the provision of fixed-line telecommunications services. An analysis of turnover is as follows:

	Six months ended 30 June	
	2010 HK\$ millions	2009 HK\$ millions
Mobile telecommunications services	2,516	2,331
Fixed-line telecommunications services	1,457	1,450
Telecommunications products	310	316
	4,283	4,097



6 Segment information

The Group is organised into two business segments: mobile business and fixed-line business. "Others" segment represents corporate support functions. Management of the Group measures the performance of its segments based on operating profit. The segment information on turnover and operating profit agreed to the aggregate information in this interim financial report. As such, no reconciliation between the segment information and the aggregate information in this interim financial report is presented.

For the six months ended 30 June 2010

	Mobile HK\$ millions	Fixed-line HK\$ millions	Others HK\$ millions	Elimination HK\$ millions	Total HK\$ millions
Turnover	2,831	1,630	-	(178)	4,283
Operating costs	(2,255)	(1,087)	(42)	177	(3,207)
Depreciation and amortisation	(215)	(317)	-	-	(532)
Operating profit/(loss)	361	226	(42)	(1)	544
Capital expenditures incurred during the period (including property, plant and equipment)	251	238	-	(1)	488

For the six months ended 30 June 2009

	Mobile HK\$ millions	Fixed-line HK\$ millions	Others HK\$ millions	Elimination HK\$ millions	Total HK\$ millions
Turnover	2,647	1,623	-	(173)	4,097
Operating costs	(2,118)	(1,057)	(46)	173	(3,048)
Depreciation and amortisation	(334)	(316)	-	-	(650)
Operating profit/(loss)	195	250	(46)	-	399
Capital expenditures incurred during the period (including property, plant and equipment)	227	333	-	-	560



7 Interest and other finance costs, net

	Six months ended 30 June	
	2010 HK\$ millions	2009 HK\$ millions
Interest income:		
Interest income from loan to a jointly controlled entity	2	-
Interest and other finance costs:		
Bank loans repayable within 5 years	(23)	(25)
Notional non-cash interest accretion (Note)	(33)	(38)
Guarantee and other finance fees	(8)	(10)
	(64)	(73)
Interest and other finance costs, net	(62)	(73)

Note: Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the condensed consolidated statement of financial position such as licence fees liabilities and asset retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

8 Taxation

	Six months ended 30 June					
	Current taxation HK\$ millions	2010 Deferred taxation HK\$ millions	Total HK\$ millions	Current taxation HK\$ millions	2009 Deferred taxation HK\$ millions	Total HK\$ millions
Hong Kong	-	32	32	-	34	34
Outside Hong Kong	3	-	3	4	-	4
	3	32	35	4	34	38

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2009: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided for at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.



9 Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company of approximately HK\$361 million (30 June 2009: HK\$256 million) and on the weighted average number of 4,814,427,700 (30 June 2009: 4,814,346,208) ordinary shares in issue during the period.

The diluted earnings per share for the period ended 30 June 2010 are calculated by adjusting the weighted average number of 4,814,427,700 (30 June 2009: 4,814,346,208) ordinary shares in issue by the weighted average number of 1,426,489 (30 June 2009: 50,541) ordinary shares deemed to be issued assuming the exercise of the share options.

10 Dividends

	Six months ended 30 June	
	2010	2009
Interim dividend, proposed (HK\$ millions)	160	54
Interim dividend per share, proposed (HK cents)	3.32	1.12

In addition, final dividend in respect of year 2009 of HK cents 6.16 per share totalling HK\$297 million was approved and paid during the six months ended 30 June 2010.

11 Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$488 million (30 June 2009: HK\$560 million). Property, plant and equipment with a net book value of HK\$3 million (30 June 2009: HK\$3 million) was disposed of during the period, resulting in an insignificant loss (30 June 2009: loss of HK\$2 million).

12 Other non-current assets

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Prepayments	1,231	1,286
Non-current deposits	43	42
	1,274	1,328



13 Cash and cash equivalents

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Cash at banks and in hand	54	40
Short-term bank deposits	119	228
	173	268

14 Trade receivables and other current assets

The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 14 to 45 days, or a longer period for carrier or corporate customers based on individual commercial terms.

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Trade receivables	1,064	996
Less: Provision for doubtful debts	(212)	(185)
Trade receivables, net of provision (Note (a))	852	811
Other receivables	96	105
Prepayments	178	169
	1,126	1,085

(a) Trade receivables, net of provision

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0 - 30 days	456	419
31 - 60 days	177	176
61 - 90 days	83	85
Over 90 days	136	131
	852	811

The carrying values of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.



15 Share capital

(a) Share capital of the Company

(i) Authorised share capital of the Company

The authorised share capital of the Company comprises 10 billion shares of HK\$0.25 each (31 December 2009: Same).

(ii) Issued share capital of the Company

	Ordinary share of US\$1 each		Ordinary share of HK\$0.25 each	
	Number of shares	Issued and fully paid HK\$ millions	Number of shares	Issued and fully paid HK\$ millions
As at 1 January 2009	1	-	-	-
Issued during the year	-	-	4,814,346,208	1,204
Repurchased and cancelled during the year	(1)	-	-	-
As at 31 December 2009	-	-	4,814,346,208	1,204
Issuance of shares arising from exercise of employee share options (Note 15(b))	-	-	250,000	-
As at 30 June 2010	-	-	4,814,596,208	1,204



15 Share capital (continued)

(b) Share options of the Company

On 6 April 2009, the Company's share option scheme was approved by the Board of Directors of the Company and approved by shareholders of Hutchison Whampoa Limited at an extraordinary general meeting on 21 May 2009. The Board of Directors may, under the share option scheme, grant options to employees, directors or non-executive directors of the Group.

The movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Weighted average exercise price per share HK\$	Number of options granted
As at 1 January 2009	-	-
Granted	1	4,750,000
As at 31 December 2009	1	4,750,000
Exercised	1	(250,000)
As at 30 June 2010	1	4,500,000

The exercise price of the share options granted is equal to the market price of the shares on the date of grant. The share options are exercisable during a period, subject to the vesting schedule, commencing on the date on which the share options are deemed to have been granted and ending on the date falling ten years from the date of grant of the share options (subject to early termination thereof). Share options exercised in the first six months of 2010 resulted in 250,000 ordinary shares of HK\$0.25 each being issued at a weighted average exercise price of HK\$1 each. The related weighted average share price at the date of exercise was HK\$1.61 per share.

As at 30 June 2010, 2,916,666 (31 December 2009: 3,166,666) share options were exercisable.

16 Borrowings

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Bank loans, unsecured	3,702	4,358



17 Other non-current liabilities

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Non-current licence fees liabilities	477	450
Pension obligations	43	43
Accrued expenses and other payables	103	102
	623	595

18 Trade and other payables

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Trade payables (Note (a))	389	320
Other payables and accruals	1,961	1,689
Deferred revenue	1,189	1,227
Current portion of licence fees liabilities	86	81
	3,625	3,317

(a) Trade payables

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
The ageing analysis of trade payables is as follows:		
0 - 30 days	116	69
31 - 60 days	60	44
61 - 90 days	34	26
Over 90 days	179	181
	389	320



19 Cash generated from operations

	Six months ended 30 June	
	2010 HK\$ millions	2009 HK\$ millions
Cash flows from operating activities		
Profit before taxation	461	318
Adjustments for:		
- Interest income	(2)	-
- Interest and other finance costs	64	73
- Depreciation and amortisation	532	650
- Share of results of jointly controlled entities	21	8
- Loss on disposal of property, plant and equipment	-	2
- Share-based payments in respect of share option scheme	-	1
Changes in working capital:		
- Trade receivables and other assets	(35)	(91)
- Inventories	48	64
- Trade and other payables	291	175
Cash generated from operations	1,380	1,200

20 Contingent liabilities

The Group had contingent liabilities in respect of the following:

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
	Performance guarantees	641
Financial guarantees	13	16
	654	653



21 Commitments

Outstanding commitments of the Group not provided for in this interim financial report are as follows:

(a) Capital commitments

	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Property, plant and equipment		
Contracted but not provided for	595	673
Authorised but not contracted for	239	635
	834	1,308
Investment in a jointly controlled entity		
Contracted but not provided for	-	6

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Buildings		Other assets	
	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions	As at 30 June 2010 HK\$ millions	As at 31 December 2009 HK\$ millions
Not later than one year	289	286	178	148
Later than one year and not later than five years	136	133	66	72
Later than five years	-	1	-	-
	425	420	244	220



21 Commitments (Continued)

(c) Acquisition of telecommunications licence for third generation mobile services

In October 2001, a subsidiary of the Company was issued a 3G licence in the 1900-2170 MHz radio spectrum for Hong Kong ("Licence") for a duration of 15 years. For the first five years of the term of the Licence, fixed annual licence fees were payable. Beginning from the sixth year of the Licence, variable licence fees payable amount to 5% of network turnover (as defined in the Licence) in respect of the relevant year; or the Appropriate Fee (as defined in the Licence) in respect of the relevant year whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fees liabilities.



Information for Shareholders

Listing

The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and its American Depositary Shares (ADSs) are eligible for trading in the United States of America only in the over-the-counter market.

Stock Code

215

Financial Calendar

Closure of Register of Members	20 August 2010 to 24 August 2010
Payment of 2010 Interim Dividend	2 September 2010

Registered Office

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Cautionary Statements

This interim report contains forward-looking statements. Statements that are not historical facts, including those about the beliefs and expectations of the Company, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Company has no obligation to update any of them publicly with respect to any new information or future events. Forward-looking statements involve inherent risks, uncertainties and assumptions. The Company cautions that if these risks or uncertainties ever materialise or the assumptions prove incorrect, or if a number of important factors occur or do not occur, the actual results of the Company may differ materially from those expressed or implied in any forward-looking statements.

Cayman Islands Share Registrar and Transfer Office

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Hong Kong Share Registrar and Transfer Office

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Investor Information

Corporate press releases, financial reports and other investor information are available online at the website of the Company.

Investor Relations Contact

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