

Chairman's Statement

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together the "Group") continued to deliver solid performance during the six months ended 30 June 2013. Our position as a leading integrated telecommunications service provider, with strong fundamentals, has been instrumental in maintaining sustainable profit growth momentum in a fast-changing business environment.

Results

Consolidated turnover was HK\$6,149 million for the first six months of 2013 compared with HK\$6,730 million for the same period in 2012. Consolidated EBITDA and EBIT for the first half of 2013 were HK\$1,471 million and HK\$820 million respectively, compared with HK\$1,440 million and HK\$795 million respectively for the first half of 2012. Profit attributable to shareholders of the Company for the six months ended 30 June 2013 increased to HK\$572 million from HK\$562 million for the same period in 2012. Basic earnings per share for the first half of 2013 were 11.87 HK cents compared with 11.66 HK cents for the same period in 2012.

Dividends

The Board of Directors (the "Board") has declared payment of an interim dividend for the first half of 2013 of 6.25 HK cents (30 June 2012: 6.05 HK cents) per share, payable on Thursday, 5 September 2013 to those persons registered as shareholders of the Company on Tuesday, 27 August 2013, being the record date for determining shareholders' entitlement to the interim dividend. The Board expects a total full-year dividend payout to be equivalent to 75% of annual profit attributable to shareholders.

Business Review

Mobile business - Hong Kong and Macau

Mobile business turnover was HK\$4,452 million for the first half of 2013, 15% lower than that for the same period of 2012 mainly due to lower mobile hardware sales. Mobile hardware revenue reduced by 28% compared with the same period in 2012. Mobile service revenue reduced by 3%, as the business transitioned from a subsidised handset business model to a non-subsidised handset business model. The application of this model began in 2010 and the related transition impact was completed in the first half of 2013. EBITDA and EBIT for the first six months of 2013 were HK\$941 million and HK\$650 million respectively, representing a reduction of 5% and 3% respectively, compared with the same period in 2012. The business growth momentum was affected by fewer number of popular devices being available in the period and transition to a non-subsidised handset business model, as mentioned above.

As of 30 June 2013, we were serving approximately 3.78 million customers in Hong Kong and Macau (30 June 2012: 3.64 million). As of 30 June 2013, 61% (30 June 2012: 55%) of our Hong Kong and Macau 3G and 4G Long-Term-Evolution ("4G LTE") postpaid customers were using smart devices, as the upward migration of existing customers to higher-value services, including 4G LTE plans, continued.

The Group, via our 50% owned joint venture, acquired a block of 10MHz spectrum in the 2500/2600 MHz band during the first half of 2013. This will enable us to increase our network capacity and to provide our customers with continued high quality services.

Looking forward, the financial performance of our mobile business is expected to stabilise in subsequent periods with the completion of the transition to a non-subsidised handset business model in the first half of 2013 and the number of customers using higher-value services continues to grow.

Fixed-line business

The fixed-line business exhibited encouraging growth during the first half of 2013. Service revenue for the first half of 2013 was HK\$1,927 million, representing an increase of 12% from HK\$1,725 million for the first six months of 2012 with growth in all major segments. EBITDA and EBIT for the first half of 2013 were HK\$593 million and HK\$233 million respectively, an increase of 16% and 28% respectively against the same period in 2012.

In the first half of 2013, our international business extended its overseas coverage and interconnections with operators worldwide. Our corporate and residential businesses, leveraging the strength of our fibre network capability, further strengthened its collaboration with various leading market players.

The fixed-line business is expected to maintain its momentum as it continues to expand its range of service offerings to customers and to provide better customer experiences via speed and service upgrades.

Outlook

The performance of our mobile business for the first half of 2013 was affected by a fewer number of popular handset models being launched in the period and completion of a transition to a non-subsidised handset business model in its customer base. However, the growth in fixed-line business more than covered the shortfall in mobile business during the period and accordingly the integrated business as a whole enjoyed a positive growth. With the transition of our mobile business to a non-subsidised handset business model completed in the first half of 2013 and more handset launches expected later in the year, the business is well positioned for continued sustainable growth. The Group will continue to enhance service offerings for our customers and invest in network projects in a disciplined manner in order to increase returns for our shareholders.

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

FOK Kin Ning, Canning
Chairman

Hong Kong, 31 July 2013