



Hutchison Telecom  
Hong Kong Holdings



2009 Interim Report

Steady Growth  
Delivering Value

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

# Hutchison Telecommunications Hong Kong Holdings Limited

## Corporate Information

### Board of Directors

#### Chairman and Non-executive Director

FOK Kin-ning, Canning, BA, DFM, CA (Aus)

#### 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

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

#### Independent Non-executive Directors

CHEONG Ying Chew, Henry, MSc, BSc

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

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## Operational Highlights

- The largest 3G mobile operator in Hong Kong with over 1.3 million 3G customers.
- The first operator in Hong Kong and Macau to launch iPhone 3G and 3GS with overwhelming market response.
- Consolidated turnover grew 8% to HK\$4,097 million.
- Turnover of mobile business up by 10% to HK\$2,647 million and its operating profit reached HK\$195 million.
- Turnover of fixed-line business increased by 7% to HK\$1,623 million and its operating profit reached HK\$250 million.
- Carrier, Corporate and Business markets of fixed-line business achieved double-digit growth in revenue.
- First half profit attributable to equity holders of the Company grew 4% to HK\$256 million.
- Basic earnings per share increased to 5.32 HK cents.
- Interim dividend per share recommended at 1.12 HK cents.

## Chairman's Statement

I am pleased to report our first interim results of the Group for the six months ended 30 June 2009 after our Listing by way of Introduction on 8 May 2009.

### Results

Consolidated turnover increased by 8% to HK\$4,097 million compared to HK\$3,783 million in the same period last year. Profit attributable to equity holders of the Company was HK\$256 million compared to HK\$247 million in the same period last year, reflecting a growth of 4%. This represented a basic earnings per share of 5.32 HK cents for the six months ended 30 June 2009, compared with 5.13 HK cents in the same period last year.

### Dividends

The Board recommends an interim cash dividend of 1.12 HK cents per share, or HK\$54 million in total, payable on 10 September 2009 to those persons registered as shareholders on 1 September 2009. The register of members will be closed from 28 August 2009 to 1 September 2009, both days inclusive. The Board aims to manage cash resources efficiently and deliver value to our shareholders with a consistent and stable growth in dividends, linked to the underlying performance of our businesses.

### Financial Review

During the six months ended 30 June 2009, the Group achieved 8% turnover growth, with turnover totalling HK\$4,097 million compared to HK\$3,783 million in the same period last year, mainly due to encouraging results of both mobile and fixed-line operations. Revenue in the mobile business grew 10%, while revenue in the fixed-line business grew 7%.

Total operating expenses in the first half of 2009 increased by 10% to HK\$3,698 million, compared to HK\$3,365 million in the same period last year. Total operating profit margin remained stable compared to 2008.

During the period, a new accounting policy was adopted to expense all customer acquisition costs ("CAC") and customer retention costs ("CRC") under other operating expenses to the income statement as incurred rather than capitalise and amortise them over the contract period. Such change in accounting policy has been accounted for retrospectively and resulted in a decrease of other intangible assets of HK\$832 million (31 December 2008: HK\$758 million) and net decrease of profit attributable to equity holders of HK\$56 million (30 June 2008: HK\$6 million). This change will help to more closely align the income statement with the cash flow statement and to increase the comparability of performance with other operators within the global industry.

Depreciation and amortisation decreased by 6% to HK\$650 million in 2009 from HK\$688 million in the same period last year.

Operating profit amounted to HK\$399 million compared to HK\$418 million during the same period last year. The decrease was mainly due to higher CAC and CRC during the period.

Interest and other finance costs in the first half of 2009 dropped by 30% to HK\$73 million, compared to HK\$105 million in the same period of 2008, reflecting lower market interest rates.

Taxation decreased by 19% to HK\$38 million compared to HK\$47 million in the same period last year, which is in line with estimated taxable profits of the various subsidiaries in the Group.

As a result of the foregoing, profit attributable to equity holders of the Company was HK\$256 million compared to HK\$247 million in 2008, a 4% increase.

## Chairman's Statement

### Business Review

#### Mobile Business - Hong Kong and Macau

Turnover from mobile operations increased by 10% to HK\$2,647 million compared to HK\$2,413 million in the same period last year mainly driven by increasing data services, as well as the sales of mobile handsets and related accessories. The mobile customer base grew 7% to a total over 2.7 million.

Mobile postpaid ARPU decreased to HK\$202 compared to HK\$209 in the same period last year. The lower ARPU was due mainly to lower inbound roaming revenue and heightened price competition in the voice market. While voice revenue was affected by sustained price competition and weakened market conditions, we saw continued growth in data services revenue which grew more than 60% in the period.

Operating costs increased by HK\$338 million which was in line with turnover growth. The increase was mainly due to higher CAC and CRC incurred to grow and enhance our business and premium customer base.

#### Fixed-line Business - Hong Kong

Turnover increased by 7% to HK\$1,623 million compared with HK\$1,516 million in the same period last year. The growth was mainly driven by the increasing presence of our business in markets with high growth potential, expanding international network footprint and the provision of premium network routings which together enabled us to broaden our customer base and solicit higher yield Carrier, Corporate and Business customers. Following years of network expansion, our fixed-line business is now one of the leading operators in the market with extensive fibre coverage.

We own and operate an extensive fibre-to-the-building telecommunications network in Hong Kong. Fibre-optic networks are able to support a higher volume of traffic at faster transmission speeds for Internet and data communications compared to traditional copper cable networks. The revenue of the Carrier market jumped by 19% while Corporate and Business revenues improved by 10% when compared with the same period last year. The growth was fuelled by both data and IDD usage as driven by the increasing customers' demand. For residential services, we provide broadband services of up to 100Mbps with a homepass covering more than 1.4 million residential units.

Operating costs, including network operating expenses, increased by HK\$55 million which was in line with higher turnover. Depreciation and amortisation was maintained at the same level of HK\$316 million.

### Outlook

The Group reported encouraging results with growth in its well-established businesses and good progress in the rollout of its network. We have built an advanced and integrated mobile and fixed-line infrastructure that can fulfill our customers' growing demand in both bandwidth capacity and service applications. Our financial position and operating cash flow are strong.

## Chairman's Statement

With our successful bid in conjunction with Hong Kong Telecommunications (HKT) Limited for Broadband Wireless Access ("BWA") radio spectrum in Hong Kong, we will be providing our customers with new and enhanced content and services in the future. The BWA licence paves the way to establish a next generation platform for high speed data services with potential download speed of over 100Mbps, which further cements our leadership position in the mobile data market.

Our fixed-line and mobile businesses have been engaged in commercial negotiation with the other major network operators for the purpose of establishing the charging arrangement for the fixed-line and mobile interconnection effective from 27 April 2009 and, as of now, we have reached commercial agreements with a majority of them on the "Bill and Keep" arrangement. These positive steps are conducive to a stable operating environment.

Telecommunications markets in Hong Kong and Macau in the past months were dynamic, but challenging amid the global economic downturn. Our strong established businesses are targeting to deliver a solid performance, despite the uncertain global economic outlook. We are well positioned to capture fully the opportunities arising in Hong Kong and Macau from global bandwidth demand and increasing mobile data usage.

Finally, I would like to take this opportunity to express my gratitude to the Board of Directors and all the staff members for their dedication, professionalism and contributions to the Group.

**FOK Kin-ning, Canning**  
Chairman

Hong Kong, 12 August 2009

## Group Capital Resources and Other Information

### Treasury Policies

The Group's primary treasury and funding policies focus on liquidity management maintaining optimal level of liquidity with cost efficient funding of the operations of its subsidiaries. The Group also monitors its financial risks, including interest rate and foreign exchange risks, and default credit risks.

In general, financings are raised mainly through bank borrowings to meet the funding requirements of the Group's operating subsidiaries. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The treasury function operates as a centralised service for managing the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group mainly operates telecommunications services in Hong Kong and Macau with transactions denominated in HK dollars and MOP. The Group is exposed to other currency exposures, primarily with certain trade receivables/payables and bank deposits denominated in US dollars.

The Group cautiously plans to use derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products, including hedge funds or similar vehicles, for speculative purposes.

The Group operates a central cash management system for all of its subsidiaries. Surplus funds are to be managed in a prudent manner, usually in the form of bank deposits with banks or financial institutions attaining a minimum credit rating of AA-/Aa3 as rated by Standard & Poor's and Moody's to manage counterparty risk, any deviation of such rating is to be approved by senior management. Alternatively, surplus funds can be invested in marketable securities such as US Treasury Bills or Commercial Papers/Certificates of Deposits issued by credit-worthy counterparties with short term ratings at A1/P1 and long-terms ratings at or above AA-/Aa3 as rated by Standard & Poor's/Moody's. The selected counterparties and investment products must be approved by the Company's Chief Financial Officer.

### Capital Structure, Liquidity and Financial Resources

On 3 August 2007 (the date of incorporation of the Company), 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, 1 share was issued at par for cash. On 6 April 2009, the Company's authorised share capital was increased by HK\$2,500 million by the creation of 10 billion shares of HK\$0.25 each. 32 shares of HK\$0.25 each were issued at par for cash to Hutchison Telecommunications International (Cayman) Holdings Limited ("HTI Cayman"), the former immediate holding company of the Company. On the same date, the original issued share of US\$1 was repurchased by the Company at par; and the original authorised share capital of US\$50,000 was cancelled. On 6 April 2009, the Company entered into an agreement with HTI Cayman that 4,814,346,176 shares of the Company were allotted and issued, credited as fully paid, to HTI Cayman as consideration for the capitalisation of the payable to this company amounting to approximately HK\$12,418 million. As at 30 June 2009, the Group recorded share capital of HK\$1,204 million and total equity of HK\$9,105 million.

The Group maintains a healthy financial position benefiting from steady growth in cash flows. The cash and bank balances amounted to HK\$276 million at 30 June 2009 (31 December 2008: HK\$272 million), 81% of which were denominated in HK dollars, 5% in MOP and 7% in US dollars with remaining in various other currencies. As at 30 June 2009, the Group had bank borrowings of HK\$4,795 million (31 December 2008: HK\$5,220 million) which is denominated in HK dollars and repayable in one year. The gearing ratio, calculated based on the net debt divided by total shareholders' equity, was 50% as at 30 June 2009.

During the six months ended 30 June 2009, the Group's net cash generated from operating activities and used in investing activities amounted to HK\$1,164 million and HK\$702 million respectively. The Group's major outflows of funds during the period under review were payments for the purchase of property, plant and equipment and the investment in a joint venture, which held the BWA spectrum licence.



## Group Capital Resources and Other Information

### Charges on Group Assets

As at 30 June 2009, none of the Group's assets is under financial charges.

### Capital Expenditure

Capital expenditure on property, plant and equipment in the first six months of 2009 was HK\$560 million, compared to HK\$371 million in the same period last year. Capital expenditure in mobile business amounted to HK\$227 million, compared to HK\$229 million in the same period last year while capital expenditure in fixed-line business amounted to HK\$333 million compared to HK\$142 million in the same period last year, reflecting our continued investment in network upgrade and expansion to support business growth.

### Contingent Liabilities

As at 30 June 2009, the Group had contingent liabilities in respect of performance guarantees amounting to HK\$586 million (31 December 2008: HK\$512 million) and financial guarantees amounted to HK\$11 million (31 December 2008: HK\$39 million). Included in contingent liabilities were performance bonds issued to Telecommunications Authority of Hong Kong in respect of our 3G and BWA spectrum licence obligations.

### Staff

At 30 June 2009, the Group and its subsidiaries employed 1,711 dedicated staff and the related employee cost for the six months period, including directors' emoluments, totalled HK\$310 million (30 June 2008: HK\$296 million).

The Group reckons the importance of human asset in sustaining our market leadership in the market. Our salary and benefits are kept at a competitive level and individual performance is rewarded within the general framework of the Group's salary, bonus and incentive system, which is reviewed annually. A wide range of benefits including medical coverage, provident funds, retirement plans, long service awards and share option schemes are provided to employees. Employee caring activities and community services are also arranged during the half year. The Group puts strong emphasis in staff development and related training programmes are provided on an on-going basis throughout the half year.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. 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, 28 August 2009 to Tuesday, 1 September 2009, both days inclusive. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Thursday, 27 August 2009.

## Disclosure of Interests

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

As at 30 June 2009, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares in 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) as 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 in, and debentures of the Company

##### *Long positions in the shares and underlying shares in the Company*

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held		Approximate % of shareholding
				in American Depository Shares	in share options	
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 <i>(Note 1)</i>	-	-	0.0250%
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%
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%

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.

## Disclosure of Interests

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

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

Mr Fok Kin-ning, Canning had, as at 30 June 2009, the following interests:

- (i) corporate interests in 4,310,875 ordinary shares, representing approximately 0.101% 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;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.025% of the then issued share capital, in Hutchison Telecommunications International Limited ("HTIL");
- (v) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.146% of the then issued share capital, in Partner Communications Company Ltd.; and
- (vi) 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; and (b) a nominal amount of US\$4,000,000 in the 7.625% Note due 2019 issued by Hutchison Whampoa International (09) 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.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 30 June 2009, personal interests in (i) 150,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HWL; and (ii) 250,000 ordinary shares, representing 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 30 June 2009, personal interests in (i) 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL; (ii) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; and (iii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Lai Kai Ming Dominic in his capacity as a beneficial owner had, as at 30 June 2009, personal interests in 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL.

Mr Lui Dennis Pok Man in his capacity as a beneficial owner had, as at 30 June 2009, personal interests in 9,100,000 ordinary shares, representing approximately 0.189% of the then issued share capital, in HTIL.

## Disclosure of Interests

Mr Wong King Fai, Peter had, as at 30 June 2009, (i) family interests in 22,000 ordinary shares, representing approximately 0.00052% of the then issued share capital, in HWL held by his spouse; and (ii) in his capacity as a beneficial owner, personal interests in 2,666,667 ordinary shares, representing 0.055% of the then issued share capital, in HTIL.

Mr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 30 June 2009, 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 2009, none of the Directors and Chief Executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares in 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/she was taken or deemed to have under such provisions of the SFO) that were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Disclosure of Interests

### 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 2009, 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 in 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

#### (I) Interests and short positions of substantial shareholders in the shares and underlying shares in 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 ) (Note 1)	
	(ii) Interest of a controlled corporation	285,893,149 ) (NOTE 1)	60.36%
Hutchison Telecommunications Group Holdings Limited ("HTGHL")	Interest of controlled corporations	2,905,822,253 (Note 1)	60.36%
Ommaney Holdings Limited ("OHL")	Interest of controlled corporations	2,905,822,253 (Note 1)	60.36%
Hutchison International Limited ("HIL")	Interest of controlled corporations	2,905,822,253 (Note 1)	60.36%
HWL	Interest of controlled corporations	2,905,822,253 (Note 1)	60.36%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	2,957,914,840 (Note 2)	61.44%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,957,914,840 (Note 3)	61.44%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,957,914,840 (Note 4)	61.44%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,957,914,840 (Note 4)	61.44%
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	2,958,068,120 ) (Note 5)	
	(ii) Interest of controlled corporations	266,621,499 ) (Note 6)	66.98%
Mayspin Management Limited ("Mayspin")	Interest of controlled corporations	266,621,499 (Note 7)	5.54%
Yuda Limited ("Yuda")	Beneficial owner	266,375,953 (Note 8)	5.53%

## Disclosure of Interests

### (II) Interests and short positions of other person in the shares and underlying shares in 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	340,054,000	7.06%

#### 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 285,893,149 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 2009, there was no other person (other than the Directors and Chief Executive of the Company) who had an interest or short position in the shares and underlying shares in 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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 2009 and share options granted, exercised, lapsed or cancelled under such scheme during the period were as follows:-

Name or category of participants	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2009	Granted	Exercised	Lapsed/ cancelled	Number of share options held at 30 June 2009	Exercise period of share options	Exercise price of share options <sup>(2)</sup>	Share price of the Company	
			during the six months ended 30 June 2009	during the six months ended 30 June 2009	during the six months ended 30 June 2009				at the grant date of share options <sup>(3)</sup>	at the exercise date of share options
								HK\$	HK\$	HK\$
Employees in aggregate	1.6.2009	-	4,750,000	-	-	4,750,000	1.6.2009 to 31.5.2019 (both dates inclusive)	1.00	0.96	N/A
Total		-	4,750,000	-	-	4,750,000				

*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 Stock Exchange closing price of the shares of the Company on the trading day immediately prior to the date of the grant of the share options.*

As at 30 June 2009, the Company had 4,750,000 share options outstanding under the Share Option Scheme.

The fair value of share options granted during the six months ended 30 June 2009 determined using the Black-Scholes model was approximately HK\$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the comparable companies over one and a half years immediately preceding the grant date.

## 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 of the Listing Rules throughout the period from 8 May 2009 (date of listing of securities of the Company on the Stock Exchange) to 30 June 2009.

### Securities Transactions

The Board has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. All Directors of the Company confirmed that they have complied with the Model Code in their securities transactions throughout the period from 8 May 2009 to 30 June 2009.

### Audit Committee

The Audit Committee of the Company comprises three Independent Non-executive Directors: Messrs CHEONG Ying Chew, Henry, LAN Hong Tsung, David and Dr WONG Yick Ming, Rosanna, chaired by Mr CHEONG. All committee members possess appropriate business and financial management experience and skills to understand financial statements and internal controls. In addition, the Audit Committee is authorised to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers necessary. The Audit Committee meets regularly with management and 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 Company's website. The Group's unaudited condensed consolidated interim financial report for the six months ended 30 June 2009 have 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 Committee is chaired by the Chairman, Mr FOK Kin-ning, Canning with Messrs CHEONG Ying Chew, Henry and LAN Hong Tsung, David, both Independent Non-executive Directors, as members. The Committee is charged with the responsibility of assisting the Board in achieving its objective of attracting, retaining and motivating people of the highest calibre and experience needed to develop and implement the Group's strategy. 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 Committee adopted by the Board are published on the Company's website.



## Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Directors of the Company since the date of the Listing Document (20 April 2009) are set out below:

Name of Director	Details of Changes
Wong King Fai, Peter	Resigned as Executive Director of HTIL on 8 May 2009
Cheong Ying Chew, Henry	Appointed as member of Advisory Committee of the Securities and Futures Commission on 1 June 2009

## 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 17 to 36, 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 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of 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, 12 August 2009

## Condensed Consolidated Income Statement

For The Six Months Ended 30 June 2009

	Note	Unaudited 2009 HK\$ millions	(Restated) Unaudited 2008 HK\$ millions
Turnover	4	4,097	3,783
Cost of inventories sold		(279)	(138)
Staff costs		(310)	(296)
Depreciation and amortisation		(650)	(688)
Other operating expenses		(2,459)	(2,243)
<b>Operating profit</b>		<b>399</b>	<b>418</b>
Interest income	6	-	9
Interest and other finance costs	6	(73)	(105)
Share of results of jointly controlled entities		(8)	-
<b>Profit before taxation</b>		<b>318</b>	<b>322</b>
Taxation	7	(38)	(47)
<b>Profit for the period</b>		<b>280</b>	<b>275</b>
Attributable to:			
Equity holders of the Company		256	247
Minority interest		24	28
		<b>280</b>	<b>275</b>
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):			
- basic	8	5.32	5.13
-diluted	8	5.32	5.13

Details of interim dividend to equity holders of the Company are set out in Note 9. 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 2009

	<b>Unaudited 2009 HK\$ millions</b>	(Restated) Unaudited 2008 HK\$ millions
Profit for the period	<b>280</b>	275
Other comprehensive income and net income recognised directly in equity		
Currency translation differences	-	1
<b>Total comprehensive income for the period, net of tax</b>	<b>280</b>	276
Total comprehensive income attributable to:		
Equity holders of the Company	<b>256</b>	248
Minority interest	<b>24</b>	28
	<b>280</b>	276

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

## Condensed Consolidated Statement of Financial Position

As At 30 June 2009

	Note	Unaudited 30 June 2009 HK\$ millions	(Restated) 31 December 2008 HK\$ millions
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	9,532	9,557
Goodwill		4,504	4,503
Other intangible assets		361	385
Other non-current assets	11	1,340	1,377
Deferred tax assets		368	368
Investments in jointly controlled entities		275	88
<b>Total non-current assets</b>		<b>16,380</b>	<b>16,278</b>
<b>Current assets</b>			
Cash and cash equivalents	12	276	272
Trade receivables and other current assets	13	1,159	1,137
Inventories		117	181
<b>Total current assets</b>		<b>1,552</b>	<b>1,590</b>
<b>Total assets</b>		<b>17,932</b>	<b>17,868</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	14	1,204	-
Reserves		8,489	(2,949)
		<b>9,693</b>	<b>(2,949)</b>
Minority interest		<b>(588)</b>	<b>(612)</b>
<b>Total equity</b>		<b>9,105</b>	<b>(3,561)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		114	80
Other non-current liabilities	16	677	641
<b>Total non-current liabilities</b>		<b>791</b>	<b>721</b>
<b>Current liabilities</b>			
Trade and other payables	17	3,230	3,062
Payable to a related company		-	12,418
Borrowings	15	4,795	5,220
Current income tax liabilities		11	8
<b>Total current liabilities</b>		<b>8,036</b>	<b>20,708</b>
<b>Total liabilities</b>		<b>8,827</b>	<b>21,429</b>
<b>Total equity and liabilities</b>		<b>17,932</b>	<b>17,868</b>
<b>Net current liabilities</b>		<b>(6,484)</b>	<b>(19,118)</b>
<b>Total assets less current liabilities</b>		<b>9,896</b>	<b>(2,840)</b>

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 2009

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Accumulated losses	Cumulative translation adjustments	Pension reserves	Employee share-based compensation reserve	Other reserves	Total	Minority interest	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 2009, previously reported	-	-	(2,329)	1	(83)	-	17	(2,394)	(443)	(2,837)
Effect of change in accounting policy (Note 3(a))	-	-	(555)	-	-	-	-	(555)	(169)	(724)
As at 1 January 2009, restated	-	-	(2,884)	1	(83)	-	17	(2,949)	(612)	(3,561)
Profit for the period	-	-	256	-	-	-	-	256	24	280
Issue of shares (Note 14(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
As at 1 January 2008, previously reported	-	-	(2,759)	1	13	-	17	(2,728)	(581)	(3,309)
Effect of change in accounting policy	-	-	(355)	-	-	-	-	(355)	(138)	(493)
As at 1 January 2008, restated	-	-	(3,114)	1	13	-	17	(3,083)	(719)	(3,802)
Currency translation differences	-	-	-	1	-	-	-	1	-	1
Profit for the period	-	-	247	-	-	-	-	247	28	275
As at 30 June 2008	-	-	(2,867)	2	13	-	17	(2,835)	(691)	(3,526)

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 2009

	Note	<b>Unaudited 2009 HK\$ millions</b>	(Restated) Unaudited 2008 HK\$ millions
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	1,200	1,066
Interest and other finance costs paid		(35)	(67)
Tax paid		(1)	-
<b>Net cash generated from operating activities</b>		<b>1,164</b>	999
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(560)	(371)
Additions to other non-current assets		(23)	(10)
Proceeds from disposal of property, plant and equipment		1	4
Payment relating to investments in jointly controlled entities		(195)	(18)
Release of held-to-maturity securities		-	184
Repayment of loan from the partner of a jointly controlled entity		75	-
Interest received		-	9
<b>Net cash used in investing activities</b>		<b>(702)</b>	(202)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,035	4,000
Repayment of loans		(5,460)	(4,236)
Share issuance costs		(33)	-
Increase in payables to related companies		-	10
<b>Net cash used in financing activities</b>		<b>(458)</b>	(226)
Increase in cash and cash equivalents		4	571
Cash and cash equivalents as at 1 January		272	275
Cash and cash equivalents as at 30 June	12	276	846

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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 8 May 2009 and whose American depository shares, each representing ownership of 15 shares, are eligible for trading in the United States 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 12 August 2009.

## 2 Basis of preparation

This interim financial report is for the six months ended 30 June 2009. It has been prepared in accordance with International Accounting Standard 34 "Interim financial reporting". This interim financial report should be read in conjunction with the Accountant's Report set out in Appendix I to the Company's Listing Document dated 20 April 2009.

As at 30 June 2009, the Group's current liabilities exceeded its current assets by approximately HK\$6,484 million. The Group's future funding requirements will be met through a revolving credit and term loan facility of HK\$5,200 million from a group of international commercial banks which is available up to 30 June 2010. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, the Directors consider that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the Directors have prepared this interim financial report on a going concern basis.

## 3 Significant accounting policies

In the current period, the Group has adopted all of the new and revised standards, amendments and interpretations that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2009. The adoption of these new and revised standards, amendments and interpretations has resulted in certain changes to the presentation of this interim financial report.

Except as described below, the accounting policies and methods of computation used in the preparation of this interim financial report are consistent with those used in the Accountant's Report set out in Appendix I to the Company's Listing Document dated 20 April 2009.



## Notes to the Condensed Consolidated Interim Financial Report

### 3 Significant accounting policies (continued)

#### (a) Customer acquisition and retention costs

Telecommunications customer acquisition and retention costs comprise the net costs to acquire and retain telecommunications customers.

In the prior years, these costs to acquire and retain customers on contracts with early termination penalty clauses were capitalised and amortised on a straight-line basis through amortisation expense in the income statement over the minimum enforceable contractual period. Having undertaken a comprehensive review of the policies of other businesses operating in the telecommunications sector particularly those operating in Europe, with effect from 1 January 2009, the Group has changed its policy to expense these costs in operating expenses as the costs are incurred. The Group believes that this change will bring our policy in line with other major telecommunications companies, provide greater comparability with such businesses and align more closely our profit and loss performance with our cash flow, and will therefore provide reliable and more relevant information to shareholders and other users of the financial statements. Comparative information has been restated to reflect this change in policy.

#### (i) Effect on the condensed consolidated income statement for the six months ended 30 June 2008

	Before change in accounting policy HK\$ millions	Effect of change in accounting policy HK\$ millions	Restated HK\$ millions
Turnover	3,783	-	3,783
Cost of inventories sold	(138)	-	(138)
Staff costs	(296)	-	(296)
Depreciation and amortisation	(966)	278	(688)
Other operating expenses	(1,962)	(281)	(2,243)
<b>Operating profit</b>	<b>421</b>	<b>(3)</b>	<b>418</b>
Interest income	9	-	9
Interest and other finance costs	(105)	-	(105)
<b>Profit before taxation</b>	<b>325</b>	<b>(3)</b>	<b>322</b>
Taxation	(47)	-	(47)
<b>Profit for the period</b>	<b>278</b>	<b>(3)</b>	<b>275</b>
<b>Attributable to:</b>			
Equity holders of the Company	253	(6)	247
Minority interest	25	3	28
	278	(3)	275
<b>Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):</b>			
- basic	5.26	(0.13)	5.13
- diluted	5.26	(0.13)	5.13

## Notes to the Condensed Consolidated Interim Financial Report

### 3 Significant accounting policies (Continued)

#### (a) Customer acquisition and retention costs (Continued)

##### (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2008

	Previously reported HK\$ millions	Effect of change in accounting policy HK\$ millions	Restated HK\$ millions
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,557	-	9,557
Goodwill	4,478	25	4,503
Other intangible assets	1,143	(758)	385
Other non-current assets	1,377	-	1,377
Deferred tax assets	368	-	368
Investments in jointly controlled entities	88	-	88
<b>Total non-current assets</b>	<b>17,011</b>	<b>(733)</b>	<b>16,278</b>
<b>Current assets</b>			
Cash and cash equivalents	272	-	272
Trade receivables and other current assets	1,137	-	1,137
Inventories	181	-	181
<b>Total current assets</b>	<b>1,590</b>	<b>-</b>	<b>1,590</b>
<b>Total assets</b>	<b>18,601</b>	<b>(733)</b>	<b>17,868</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	-	-	-
Reserves	(2,394)	(555)	(2,949)
	(2,394)	(555)	(2,949)
Minority interest	(443)	(169)	(612)
<b>Total equity</b>	<b>(2,837)</b>	<b>(724)</b>	<b>(3,561)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	88	(8)	80
Other non-current liabilities	641	-	641
<b>Total non-current liabilities</b>	<b>729</b>	<b>(8)</b>	<b>721</b>
<b>Current liabilities</b>			
Trade and other payables	3,062	-	3,062
Payable to a related company	12,418	-	12,418
Borrowings	5,220	-	5,220
Current income tax liabilities	9	(1)	8
<b>Total current liabilities</b>	<b>20,709</b>	<b>(1)</b>	<b>20,708</b>
<b>Total liabilities</b>	<b>21,438</b>	<b>(9)</b>	<b>21,429</b>
<b>Total equity and liabilities</b>	<b>18,601</b>	<b>(733)</b>	<b>17,868</b>
<b>Net current liabilities</b>	<b>(19,119)</b>	<b>1</b>	<b>(19,118)</b>
<b>Total assets less current liabilities</b>	<b>(2,108)</b>	<b>(732)</b>	<b>(2,840)</b>

## Notes to the Condensed Consolidated Interim Financial Report

### 3 Significant accounting policies (Continued)

#### (a) Customer acquisition and retention costs (Continued)

##### (iii) Estimated effect on the condensed consolidated income statement for the six months ended 30 June 2009

	Estimated effect of change in accounting policy - increase/(decrease) in profit attributable to equity holders of the Company HK\$ millions
Turnover	-
Cost of inventories sold	-
Staff costs	-
Depreciation and amortisation	347
Other operating expenses	(420)
<b>Operating profit</b>	<b>(73)</b>
Interest income	-
Interest and other finance costs	-
Share of results of jointly controlled entities	-
<b>Profit before taxation</b>	<b>(73)</b>
Taxation	1
<b>Profit for the period</b>	<b>(72)</b>
<b>Attributable to:</b>	
Equity holders of the Company	(56)
Minority interest	(16)
	(72)
<b>Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):</b>	
- basic	(1.16)
- diluted	(1.16)

## Notes to the Condensed Consolidated Interim Financial Report

### 3 Significant accounting policies (Continued)

#### (a) Customer acquisition and retention costs (Continued)

(iv) Estimated effect on the condensed consolidated statement of financial position as at 30 June 2009

	Estimated effect of change in accounting policy - increase/(decrease) in respective items HK\$ millions
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	-
Goodwill	25
Other intangible assets	(832)
Other non-current assets	-
Deferred tax assets	-
Investments in jointly controlled entities	-
<b>Total non-current assets</b>	<b>(807)</b>
<b>Current assets</b>	
Cash and cash equivalents	-
Trade receivables and other current assets	-
Inventories	-
<b>Total current assets</b>	<b>-</b>
<b>Total assets</b>	<b>(807)</b>
<b>EQUITY</b>	
<b>Capital and reserves attributable   to equity holders of the Company</b>	
Share capital	-
Reserves	(611)
	(611)
Minority interest	(185)
<b>Total equity</b>	<b>(796)</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Deferred tax liabilities	(9)
Other non-current liabilities	-
<b>Total non-current liabilities</b>	<b>(9)</b>
<b>Current liabilities</b>	
Trade and other payables	-
Payable to a related company	-
Borrowings	-
Current income tax liabilities	(2)
<b>Total current liabilities</b>	<b>(2)</b>
<b>Total liabilities</b>	<b>(11)</b>
<b>Total equity and liabilities</b>	<b>(807)</b>
Net current liabilities	2
<b>Total assets less current liabilities</b>	<b>(805)</b>

## Notes to the Condensed Consolidated Interim Financial Report

### 3 Significant accounting policies (continued)

#### (b) Share-based payments

In June 2009, share options were granted under the Company's share option scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 4 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:

	<b>Six months ended 30 June</b>	
	<b>2009</b> HK\$ millions	2008 HK\$ millions
Mobile telecommunications services	2,331	2,270
Fixed-line telecommunications services	1,450	1,370
Telecommunications products	316	143
	<b>4,097</b>	3,783

## Notes to the Condensed Consolidated Interim Financial Report

### 5 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 and total assets 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 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
Total assets	7,050	11,017	12,423	(12,558)	17,932
Capital expenditures incurred during the period (including property, plant and equipment)	227	333	-	-	560

For the six months ended 30 June 2008

	Mobile HK\$ millions	Fixed-line HK\$ millions	Others HK\$ millions	Elimination HK\$ millions	Total HK\$ millions
Turnover	2,413	1,516	-	(146)	3,783
Operating costs	(1,780)	(1,002)	(41)	146	(2,677)
Depreciation and amortisation	(372)	(316)	-	-	(688)
Operating profit/(loss)	261	198	(41)	-	418
Total assets	7,429	14,266	3,870	(7,258)	18,307
Capital expenditures incurred during the period (including property, plant and equipment)	229	142	-	-	371

## Notes to the Condensed Consolidated Interim Financial Report

### 6 Interest and other finance costs, net

	Six months ended 30 June	
	2009 HK\$ millions	2008 HK\$ millions
Interest income	-	9
Interest and other finance costs:		
Bank loans repayable within 5 years	(25)	(62)
Notional non-cash interest accretion (Note)	(38)	(38)
Guarantee and other finance fees	(10)	(5)
	(73)	(105)
Interest and other finance costs, net	(73)	(96)

Note: Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the 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.

### 7 Taxation

	Six months ended 30 June					
	Current taxation HK\$ millions	2009 Deferred taxation HK\$ millions	Total HK\$ millions	Current taxation HK\$ millions	2008 Deferred taxation HK\$ millions	Total HK\$ millions
Hong Kong	-	34	34	-	42	42
Outside Hong Kong	4	-	4	5	-	5
	4	34	38	5	42	47

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2008: 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. The change in average applicable tax rate is caused by a change in the profitability of the Group's subsidiaries in respective countries.

## Notes to the Condensed Consolidated Interim Financial Report

### 8 Earnings per share

The calculation of basic earnings per share based on profit attributable to equity holders of the Company of approximately HK\$256 million (30 June 2008: HK\$247 million) and on 4,814,346,208 ordinary shares issued upon the capitalisation of the payable to Hutchison Telecommunications International (Cayman) Holdings Limited ("HTI Cayman"), the former immediate holding company, as described in Note 14, as if such shares had been outstanding throughout the six months ended 30 June 2009 (30 June 2008: same).

For the period ended 30 June 2008, diluted earnings per share are equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding. The diluted earnings per share for the period ended 30 June 2009 are based on 4,814,346,208 ordinary shares in issue by adjusting the weighted average number of 50,541 ordinary shares deemed to be issued assuming the exercise of the share options.

### 9 Dividends

An interim dividend of 1.12 HK cents per share or approximately HK\$54 million (30 June 2008: Nil) was recommended by the Board of Directors.

### 10 Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$560 million (30 June 2008: HK\$371 million). Property, plant and equipment with a net book value of HK\$3 million (30 June 2008: HK\$5 million) was disposed of during the period, resulting in a loss on disposal of HK\$2 million (30 June 2008: HK\$1 million).

### 11 Other non-current assets

	<b>As at 30 June 2009 HK\$ millions</b>	As at 31 December 2008 HK\$ millions
Prepayments	1,296	1,332
Deposits	44	45
	<b>1,340</b>	1,377



## Notes to the Condensed Consolidated Interim Financial Report

### 12 Cash and cash equivalents

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Cash at bank and on hand	39	42
Short-term bank deposits	237	230
	<b>276</b>	272

### 13 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 the individual commercial terms.

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Trade receivables	1,131	1,017
Less: Provision for doubtful debts	(206)	(165)
Trade receivables, net of provision (Note (a))	<b>925</b>	852
Other receivables	87	56
Prepayments	147	154
Loan to the partner of a jointly controlled entity	-	75
	<b>1,159</b>	1,137

#### (a) Trade receivables, net of provision

The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
0-30 days	369	364
31-60 days	184	185
61-90 days	96	86
Over 90 days	276	217
	<b>925</b>	852

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

## Notes to the Condensed Consolidated Interim Financial Report

### 14 Share capital

#### (a) Share capital of the Company

##### (i) Authorised share capital of the Company

As at 31 December 2008, the authorised share capital of the Company comprised of 50,000 ordinary shares of US\$1 each.

On 6 April 2009, the Company's authorised share capital was increased by HK\$2,500 million by the creation of 10 billion shares of HK\$0.25 each. 32 shares of HK\$0.25 each were issued at par for cash. On the same date, the original issued share of US\$1 was repurchased by the Company at par; and the original authorised share capital of US\$50,000 was cancelled.

##### (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 2008 and 31 December 2008	1	-	-	-
Issued during the period	-	-	4,814,346,208	1,204
Repurchased and cancelled during the period	(1)	-	-	-
As at 30 June 2009	-	-	<b>4,814,346,208</b>	<b>1,204</b>

On 6 April 2009, the Company entered into an agreement with HTI Cayman that, subject to the Stock Exchange's approval of the spin-off of the Company and the Listing Committee of the Stock Exchange granting approval for the listing of the shares of the Company on the Main Board of the Stock Exchange, 4,814,346,176 shares of the Company would be allotted and issued, credited as fully paid, to HTI Cayman as consideration for the capitalisation of the payable to this company amounting to approximately HK\$12,418 million. The above conditions were fulfilled and the aforesaid shares were issued on 7 May 2009. As a result, HK\$1,204 million and HK\$11,214 million were recognised as share capital and share premium during the period ended 30 June 2009, respectively.

## Notes to the Condensed Consolidated Interim Financial Report

### 14 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 the 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 on 1 June 2009	1	4,750,000
As at 30 June 2009	1	4,750,000

The exercise price of the options granted is equal to the market price of the shares on the date of grant. The share options are exercisable, subject to the vesting schedule, commencing on the date on which the options are deemed to have been granted and ending on a date which is earlier of the date on which the options lapse and the date falling ten years from the date of grant of the options. As at 30 June 2009, out of the 4,750,000 outstanding share options, 1,583,333 share options were exercisable.

The fair value of options granted during the period determined using the Black-Scholes model was approximately HK\$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%.

### 15 Borrowings

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Bank loans	4,795	5,220

As at 31 December 2008, total borrowings of HK\$5,220 million was guaranteed by Hutchison Telecommunications International Limited ("HTIL") and was in relation to a HK\$9,000 million revolving credit facility agreement with a group of international commercial banks, which jointly entered into by Hutchison Telephone Company Limited ("HTCL"), a subsidiary of the Company, and HTIL.

On 8 May 2009, the Company and HTCL, jointly entered into a HK\$5,200 million revolving credit facility agreement with a group of international commercial banks to refinance the then existing borrowings. As at 30 June 2009, total outstanding borrowings in relation to this facility is repayable on 30 June 2010.

## Notes to the Condensed Consolidated Interim Financial Report

### 16 Other non-current liabilities

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Non-current licence fees liabilities	503	474
Pension obligations	82	81
Accrued expenses and other payables	92	86
	<b>677</b>	<b>641</b>

### 17 Trade and other payables

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Trade payables (Note (a))	344	385
Accrued expenses and other payables	1,551	1,398
Deferred revenue	1,259	1,207
Current portion of licence fees liabilities	76	72
	<b>3,230</b>	<b>3,062</b>

#### (a) Trade payables

The ageing analysis of trade payables is as follows:

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
0-30 days	90	144
31-60 days	54	60
61-90 days	30	28
Over 90 days	170	153
	<b>344</b>	<b>385</b>

## Notes to the Condensed Consolidated Interim Financial Report

### 18 Cash generated from operations

	Six months ended 30 June	
	2009 HK\$ millions	2008 HK\$ millions
Cash flows from operating activities		
Profit before taxation	318	322
Adjustments for:		
- Interest income	-	(9)
- Interest and other finance costs	73	105
- Depreciation and amortisation	650	688
- Share of results of jointly controlled entities	8	-
- Loss on disposal of property, plant and equipment	2	1
- Share-based payments in respect of share option scheme	1	-
Changes in working capital		
- Inventories	64	(1)
- Trade receivables and other current assets	(91)	(93)
- Trade and other payables	175	53
Cash generated from operations	<b>1,200</b>	1,066

### 19 Contingent liabilities

As at 30 June 2009, the Group had contingent liabilities in respect of the following:

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Performance guarantees	586	512
Financial guarantees	11	39
	<b>597</b>	551

## Notes to the Condensed Consolidated Interim Financial Report

### 20 Commitments

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

#### (a) Capital commitments

	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Property, plant and equipment		
Contracted but not provided for	494	763
Authorised but not contracted for	1,083	1,397
	1,577	2,160
Investment in a jointly controlled entity		
Contracted but not provided for	5	16

#### (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 2009 HK\$ millions	As at 31 December 2008 HK\$ millions	As at 30 June 2009 HK\$ millions	As at 31 December 2008 HK\$ millions
Not later than 1 year	308	288	168	142
Later than 1 year and not later than 5 years	176	182	70	78
Later than 5 years	1	1	-	-
	485	471	238	220

#### (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 Company's ordinary shares 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 only in the over-the-counter market.

## Stock Code

215

## Financial Calendar

Closure of Register of Members:	28 August 2009 to 1 September 2009
Payment of 2009 Interim Dividend:	10 September 2009

## Registered Office

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## Cayman Islands Share Registrar and Transfer Office

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## Hong Kong Share Registrar and Transfer Office

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## ADS Depositary

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## Investor Information

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

## Investor Relations Contact

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## Website

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## Cautionary Statements

This interim report contains forward-looking statements. Statements that are not historical facts, including those about the Company's beliefs and expectations, 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 Company's actual results may differ materially from those expressed or implied in any forward-looking statement.



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