



Hutchison Telecom
Hong Kong Holdings



Connect to
the **Future**
2012 Interim Report

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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, BSc, MSc
(also Alternate to WONG Yick Ming, Rosanna)

LAN Hong Tsung, David, National Committee 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

LAN Hong Tsung, David *(Chairman)*

FOK Kin Ning, Canning

CHEONG Ying Chew, Henry

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

Operational Highlights

- Consolidated turnover grew 12% to HK\$6,730 million driven by strong growth in smartphone sales and data communication.
- Turnover of mobile business was HK\$5,241 million, of which service revenue amounted to HK\$2,732 million. EBITDA was HK\$992 million.
- Turnover of fixed-line business was HK\$1,725 million and EBITDA was HK\$510 million.
- Profit attributable to shareholders of the Company increased by 15% to HK\$568 million.
- Earnings per share rose by 15% to 11.79 HK cents.
- Interim dividend per share is 6.05 HK cents, a growth of 17%.

Chairman's Statement

I am pleased to report the financial results of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the six months ended 30 June 2012. Ongoing smartphone trend momentum, as well as ever-increasing data usage, continued to drive growth and have enabled us to deliver strong results for the period under review.

Results

Consolidated turnover for the first six months rose by 12%, from HK\$6,018 million in 2011 to HK\$6,730 million in 2012. EBITDA increased by 16%, from HK\$1,243 million for the first half of 2011 to HK\$1,446 million for the same period in 2012. Operating profit grew 17%, from HK\$682 million for the first half of 2011 to HK\$801 million for the same period in 2012. Profit for the six months ended 30 June 2012 amounted to HK\$704 million, reflecting a 17% increase, from HK\$600 million for the same period in 2011. Profit attributable to shareholders of the Company grew 15%, from HK\$494 million for the first six months of 2011 to HK\$568 million for the corresponding period in 2012. Basic earnings per share for the first half of 2012 was 11.79 HK cents, a 15% increase compared to 10.25 HK cents for the same period in 2011.

Dividends

The board of Directors (the "Board") declares payment of an interim dividend for the first half of 2012 of 6.05 HK cents (30 June 2011: 5.16 HK cents) per share, or HK\$292 million (30 June 2011: HK\$249 million) in total, payable on Thursday, 6 September 2012 to those persons registered as shareholders of the Company on Wednesday, 5 September 2012. The register of members will be closed from Wednesday, 29 August 2012 to Wednesday, 5 September 2012, both days inclusive. The Board envisages a full-year dividend amounting to 75% of annual profit attributable to shareholders of the Company.

Business Review

Mobile business - Hong Kong and Macau

Our mobile business continued to demonstrate solid growth. Turnover for the first half of 2012 increased by 15% to HK\$5,241 million, driven by persistent demand for a variety of best-selling smart devices and keen customer interest in our evolving data services. EBITDA and operating profit for the first half of 2012 showed growth of 28% and 26% respectively, amounting to HK\$992 million and HK\$675 million respectively, mainly driven by strong revenue growth and cautious cost management.

As of 30 June 2012, we served 3.64 million customers in Hong Kong and Macau (30 June 2011: 3.35 million), of which postpaid customers amounted to 1.99 million. 58% (30 June 2011: 49%) of such 3G and 4G postpaid customers in Hong Kong were using smart devices as of 30 June 2012. Introduction of smart devices, with enhanced functionality and ever-improving design strengths, is helping to drive our mobile business. We see escalating numbers of customers deploying more advanced models, thereby contributing to stronger hardware sales. Meanwhile, increasingly more customers are opting for tariff plans bundled with data services, which is boosting revenue growth. Postpaid ARPU rose by 8% to HK\$256 for the first half of 2012, from HK\$238 for the same period in 2011.

The period under review marked the launch of our 4G service, which is set to deliver an unparalleled customer experience and enable customers to make the most of this high-speed technology. In a move to differentiate our services, we offered an array of distinctive value-added services and applications. Coupled with our attractive tariff plans, this milestone development undoubtedly enriches our service portfolio, allowing us to satisfy the most sophisticated mobile customers.

We recognise the importance of network capacity to sustain growth momentum in the mobile telecommunications business. In February 2012, we acquired a block of 30MHz TDD-LTE spectrum in the 2.3GHz band, strengthening our position as the mobile operator holding the largest amount of available radio spectrum in Hong Kong. This underscores our determination to achieve network excellence, as well as our ability to keep up with ever-increasing volume of network traffic in the era of mobile data.

Fixed-line business

Turnover from our fixed-line business for the first half of 2012 was HK\$1,725 million, representing a 4% increase compared to the same period in 2011. In response to cautious customer spending in a volatile market, we stepped up investment in customer acquisition and retention. As a result, EBITDA and operating profit for the first half of 2012 decreased by 2% and 8% respectively, and amounted to HK\$510 million and HK\$182 million.

The period under review saw implementation of a number of initiatives in our various segments. For example, our international carrier business launched a world-class interconnection platform in partnership with global exchange organisations. This enhances our profile among international operators and enables local customers to connect to the rest of the world with ease via our carrier-grade platform.

We also joined forces with leading technology partners to offer a series of cloud-based business services. From the provision of affordable SME service packages to tailor-made industry-specific solutions, our cloud computing portfolio is able to meet the differing needs of our many corporate customers. Our state-of-the-art data centre facilities and deepening partnerships with prominent ICT service providers strengthen the leadership position we have achieved in the emerging cloud computing market.

Investment in residential market customer acquisition is showing results; we are gaining ground as our customer base expands. This has been helped by launch of a brand new home broadband package featuring an Android TV Box, with the aim of providing households with an unrivalled online experience. Combining high-speed broadband service, leveraging our extensive fibre-optic network with a wide range of exclusive multimedia content, our exciting offers redefine the overall home broadband experience. It further demonstrates our unwavering determination to deliver increasingly sophisticated value-added services to our customers.

Chairman's Statement

Outlook

Volatile market conditions are creating challenges. However, this will by no means undermine our ability to deliver value to our shareholders. Looking ahead, we view internal upward migration in particular from non-smartphone base to smartphone base as the key to nurturing higher growth in mobile business. With a succession of appealing smart device models and mobile applications exploding onto the market, we expect smartphone adoption to continue in the foreseeable future. In addition, this trend will stimulate demand for high-performance network and desire for greater data service offerings. Our new 4G service is currently available in most of the major areas in Hong Kong and we target to match the scale and scope with our 3G network coverage by the end of 2012.

We see further growth potential in our fixed-line business, despite the competitive nature of the landscape in which we operate. Our international carrier business continues to grow in step with our expanding overseas coverage and enhanced scale of interconnection with operators worldwide. Following mass launch of 4G service in Hong Kong, we expect even greater demand for mobile backhaul services from our local carrier customers.

In addition, a growing need for cloud computing and data centre services is creating a fertile new business market. Our extensive and well established fibre network and world-class data centre facilities position us extremely well to serve both international and local organisations. We have also strengthened ties with IT industry leaders in order to build innovative solutions that suit a variety of market needs. Meanwhile, competition in the residential market shows signs of easing. We have been able to increase tariff pricing of our various service offerings while remaining competitive. We expect this positive trend to continue under such operating environment.

Our robust revenue stream, strong presence in a variety of markets and customer-oriented service offerings form the cornerstones of our business. We are, therefore, in a strategically-advantageous position to capitalise on the opportunities that lie ahead.

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

FOK Kin Ning, Canning
Chairman

Hong Kong, 1 August 2012

Management Discussion and Analysis

Financial Review

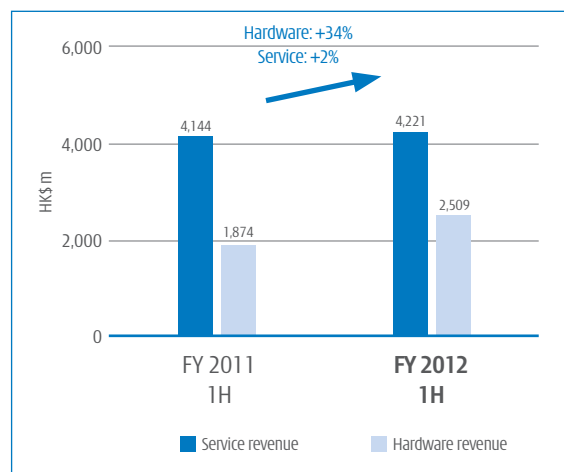
Consolidated turnover of the Group increased by 12% from HK\$6,018 million for the first half of 2011 to HK\$6,730 million for the same period in 2012. Service revenue grew from HK\$4,144 million for the first half of 2011 to HK\$4,221 million for the corresponding period in 2012. Persistent demand for smart devices continued to boost hardware revenue, which increased by 34% from HK\$1,874 million for the first six months of 2011 to HK\$2,509 million for the first half of 2012.

Total operating expenses, including cost of inventories sold, increased from HK\$5,336 million for the first half of 2011 to HK\$5,929 million for the same period in 2012. Cost of inventories sold grew in line with increased hardware sales and rose by 32% from HK\$1,792 million for the first half of 2011 to HK\$2,369 million for the same period in 2012. Staff costs increased by 13% to HK\$346 million for the first half of 2012 from HK\$307 million for the same period in 2011, as a result of an increase in the size of our customer sales and network functions plus inflation. Customer acquisition costs fell from HK\$569 million for the first half of 2011 to HK\$331 million in 2012, as we brought sharper focus to bear on internal upward migration in our mobile business which helps to better control customer acquisition costs. Depreciation and amortisation was HK\$645 million for the first half of 2012, after standing at HK\$561 million for the same period in 2011. The increase was the result of amortisation of additional spectrum acquired. Other operating expenses amounted to HK\$2,238 million in the first half of 2012, a 6% increase compared to HK\$2,107 million in 2011 due to general inflation.

EBITDA rose by 16% from HK\$1,243 million for the first six months of 2011 to HK\$1,446 million for the same period in 2012, while operating profit grew from HK\$682 million for the first half of 2011 to HK\$801 million for the same period in 2012, representing an increase of 17%.

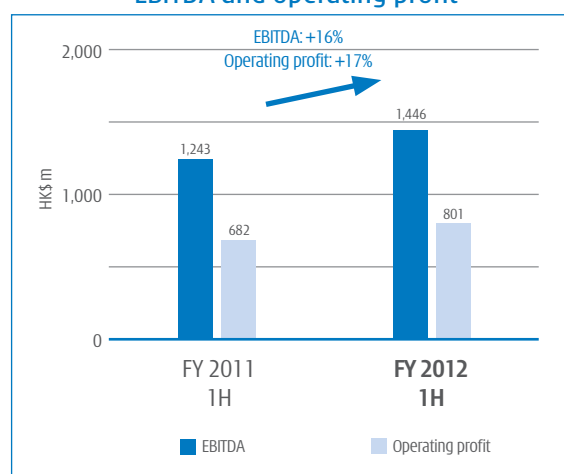
Gearing ratio, calculated by dividing net debt by total equity, was 33%. Interest and other finance costs increased from HK\$57 million for the first half of 2011 to HK\$77 million for the corresponding period in 2012. During the six months ended 30 June 2012, the Group completed a refinancing of its credit facilities. Previous facilities have been replaced with a revolving and term credit facility of HK\$5,500 million, available from a group of international commercial banks up to 14 June 2015.

Consolidated turnover



FY - Financial Year

EBITDA and operating profit



Management Discussion and Analysis

Share of losses of jointly controlled entities for the first half of 2012 amounted to HK\$2 million, compared to share of profits of HK\$1 million for the same period in 2011. Taxation was HK\$28 million for the first half of 2011 while that was HK\$23 million for the same period in 2012.

Overall, the Group reported growth of 15% in net profit attributable to shareholders of the Company, from HK\$494 million for the first six months of 2011 to HK\$568 million for the same period in 2012.

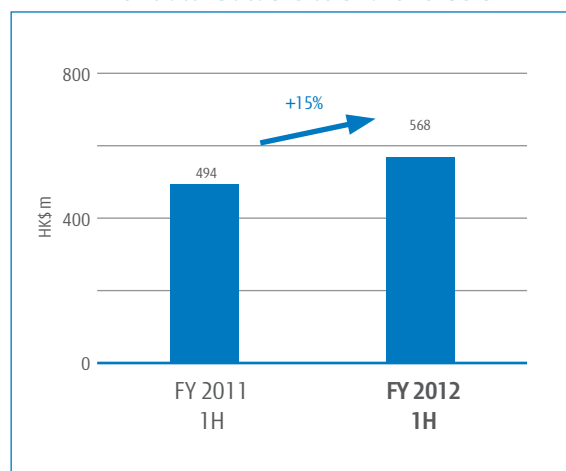
Business Review

The Group is engaged in two principal businesses - mobile and fixed-line.

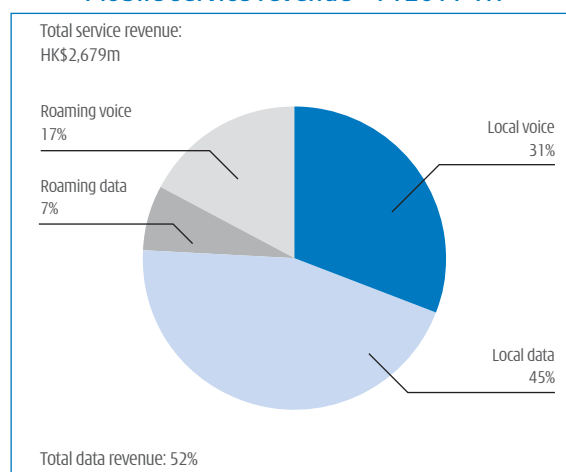
Mobile business in Hong Kong and Macau

Our mobile telecommunications business continued to grow healthily for the first half of 2012. Keen interest in smart devices, together with greater demand for data services, resulted in a 15% increase in mobile turnover from HK\$4,553 million for the first six months of 2011 to HK\$5,241 million for the same period in 2012. Service revenue grew from HK\$2,679 million for the first half of 2011 to HK\$2,732 million for the same period in 2012. Local and roaming data revenue accounted for 58% of mobile service revenue for the period under review in 2012.

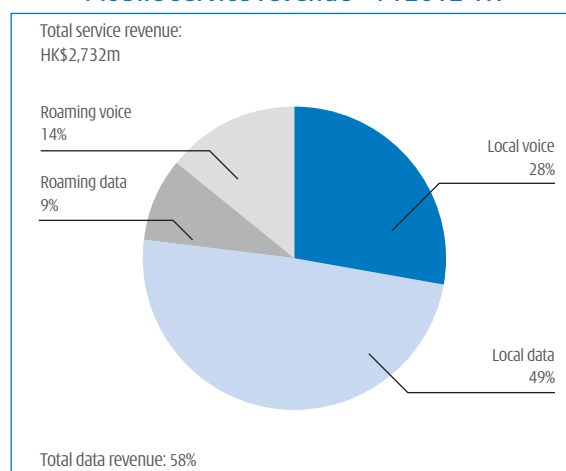
Profit attributable to shareholders



Mobile service revenue - FY2011 1H

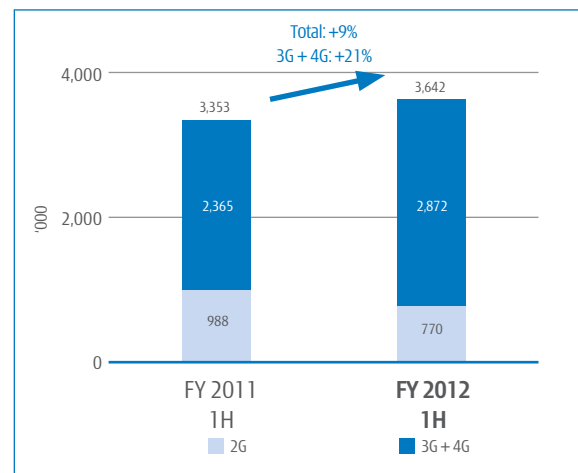


Mobile service revenue - FY2012 1H



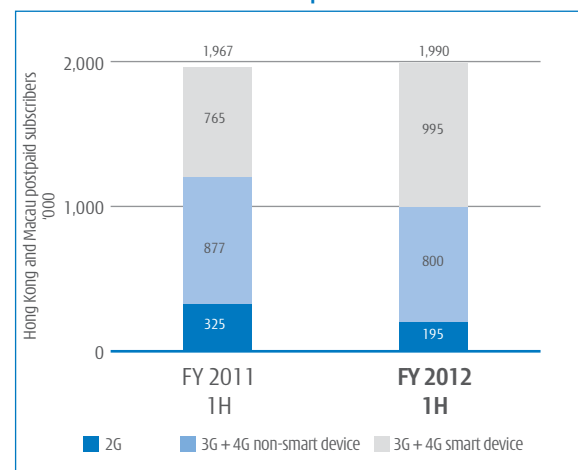
As of 30 June 2012, our Hong Kong and Macau customers totalled 3.64 million. In particular, our 3G and 4G customer numbers were 2.87 million, together accounted for approximately 79% of the customer base. The total number of Hong Kong and Macau postpaid customers stood at 1.99 million as of 30 June 2012.

Total subscribers

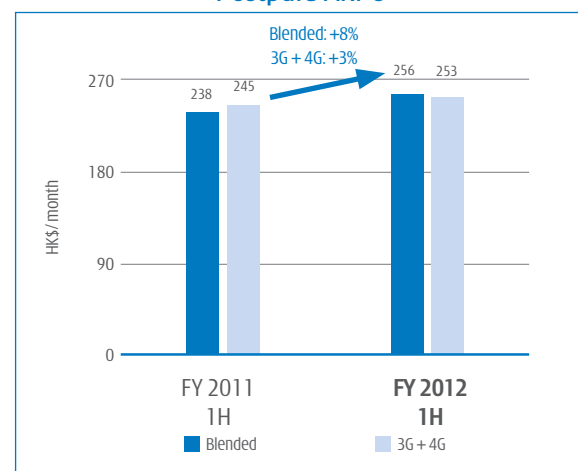


Penetration of the smart device continued to deepen, thanks to our provision of a full lineup of smartphones and tablets. As of 30 June 2012, 58% of our 3G and 4G postpaid customers in Hong Kong were smart device users. Internal upward migration from non-smartphone to smartphones, coupled with customer-oriented tariff packages, encouraged greater use of data and other mobile services. This, in turn, translated into steady ARPU growth. Blended postpaid ARPU for the first half of 2012 stood at HK\$256, representing an increase of 8% from HK\$238 for the same period in 2011. Meanwhile, 3G and 4G blended postpaid ARPU rose from HK\$245 for the first half of 2011 to HK\$253 for the same period in 2012.

Smart device penetration



Postpaid ARPU



Management Discussion and Analysis

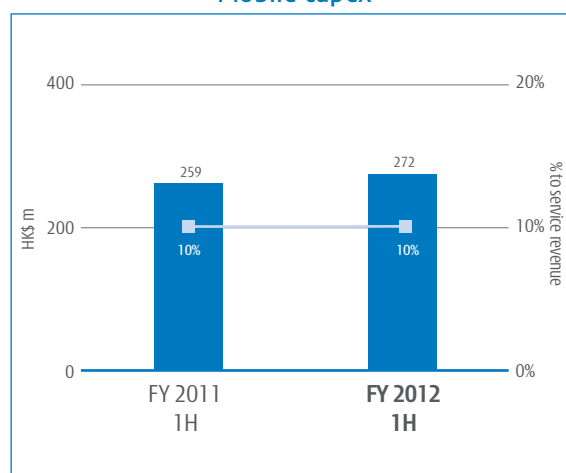
Driven by growing turnover from hardware sales and data services, as well as cautious cost control, EBITDA increased by 28% from HK\$778 million in the first half of 2011 to HK\$992 million for the same period in 2012. Operating profit also reported an increase of 26% from HK\$537 million for the first six months of 2011 to HK\$675 million for the same period in 2012.

Capital expenditure amounted to HK\$272 million for the first half of 2012, while capital expenditure to service revenue stood at 10%.

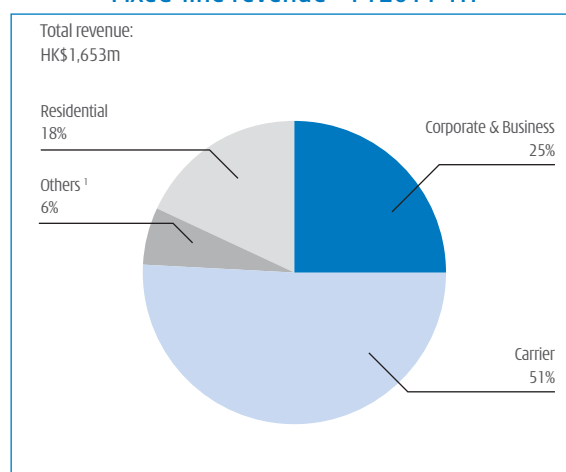
Fixed-line business

Turnover saw an increase of 4% from HK\$1,653 million for the first six months of 2011 to HK\$1,725 million for the same period in 2012. The carrier market continued to be the largest revenue source, showing growth of 8% from HK\$845 million in the first half of 2011 to HK\$909 million for the same period in 2012. Revenue from the corporate and business market was HK\$426 million for the first half of 2012, compared to HK\$413 million for the same period in 2011. We see a steadily growing customer base in the residential market, however, intense price competition put pressure on revenue which resulted at HK\$288 million for the first half of 2012, compared to HK\$296 million for the same period in 2011.

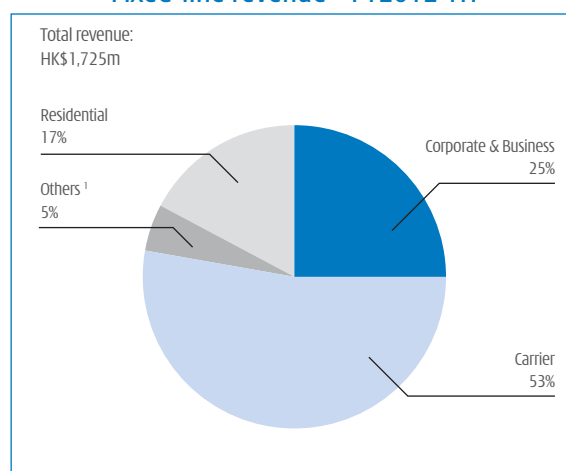
Mobile capex



Fixed-line revenue - FY2011 1H



Fixed-line revenue - FY2012 1H

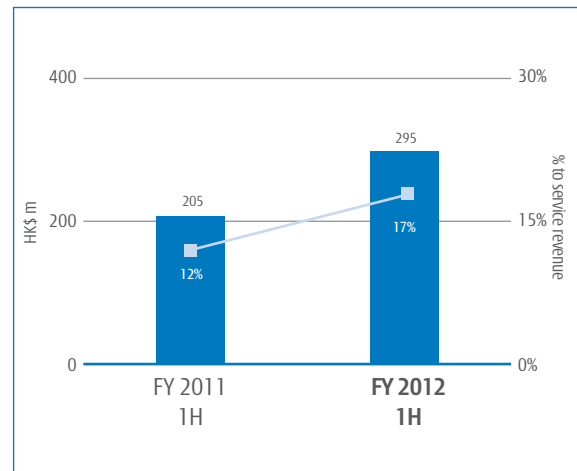


¹ Others include revenue from interconnection charges and data centres.

Keen competition in the residential market, as well as increased investment in customer acquisition and retention, resulted in a decrease in EBITDA of 2%, from HK\$519 million for the first half of 2011 to HK\$510 million for the same period in 2012. Operating profit amounted to HK\$182 million for the first half of 2012, compared to HK\$198 million for the same period in 2011.

Capital expenditure was HK\$295 million for the first half of 2012 while capital expenditure to revenue increased to 17%.

Fixed-line capex



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. The treasury function of the Group operates as a centralised service for managing group funding needs and monitoring financial risks, such as those relating to interest and foreign exchange rates, as well as counterparty risks.

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. It is the policy of the Group not to enter into derivative transactions or 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 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 risks. 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. During the six months ended 30 June 2012, an additional 650,000 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 2012, the Group recorded share capital of HK\$1,205 million and total equity of HK\$10,602 million.

The cash and cash equivalents amounted to HK\$224 million as at 30 June 2012 (31 December 2011: HK\$182 million), 66% of which were denominated in Hong Kong dollars, 12% in Macau Patacas, 11% in United States dollars with remaining in various other currencies. As at 30 June 2012, the Group had bank borrowings of HK\$3,775 million (31 December 2011: HK\$3,853 million) which were denominated in Hong Kong dollars and repayable in June 2015. During the six months ended 30 June 2012, the Group completed a refinancing of its credit facilities. Previous facilities have been replaced with a revolving and term credit facility of HK\$5,500 million, available from a group of international commercial banks up to 14 June 2015. The gearing ratio, calculated by dividing net debt by total equity, was 33% as at 30 June 2012 (31 December 2011: 35%).

Cash Flows

The Group maintains a healthy financial position, benefiting from robust operating cash flows. During the six months ended 30 June 2012, net cash generated from operating activities and used in investing activities of the Group amounted to HK\$1,403 million (30 June 2011: HK\$1,578 million) and HK\$750 million (30 June 2011: HK\$1,571 million) respectively. Major net outflows of funds during the period under review included payments for the additions to property, plant and equipment, spectrum utilisation fee for a block of radio spectrum acquired, repayment of borrowings and final dividend for the year 2011.

Charges on Group Assets

As at 30 June 2012, 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, no material assets of the Group was under any charge.

Capital Expenditure

Capital expenditure on property, plant and equipment for the first six months of 2012 was HK\$567 million, compared to HK\$464 million in the same period of 2011, reflecting our continued investment in network upgrade and expansion to support business growth.

Acquisition of Radio Spectrum

During the period under review, the Group acquired a block of radio spectrum in the 2.3GHz band with a consideration of HK\$150 million for the provision of mobile telecommunications services in Hong Kong for a period of 15 years.

Contingent Liabilities

As at 30 June 2012, the Group had contingent liabilities in respect of performance guarantees and financial guarantees amounting to HK\$960 million (31 December 2011: HK\$810 million). Included in these contingent liabilities were mainly performance bonds issued to the Office of the Communications Authority of Hong Kong in respect of our spectrum licence obligations.

Capital Commitments

As at 30 June 2012, the Group had total capital commitments of property, plant and equipment, radio spectrum and investments in jointly controlled entities amounting to HK\$1,442 million (31 December 2011: HK\$2,204 million).

Group Capital Resources and Other Information

Staff

As at 30 June 2012, the Group employed 1,892 full-time staff members. Staff costs during the six months ended 30 June 2012, including directors' emoluments, totalled HK\$346 million.

The Group fully recognises the importance of high-quality human resources 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 a share option plan. The Group stresses the importance of staff development and provides training programmes on an ongoing basis. Employees are also encouraged to play an active role in community care activities arranged by the Group.

Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. We deliver quality products and services to our customers by managing our business prudently and diligently and executing management decisions via our hard-working and dedicated employees. The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment helps strengthen our relationship with the community. Operating as a sound corporate citizen via sponsorship and supporting socially-responsible projects at company level, we are committed to bringing positive impact to the general welfare of the community.

Review of Accounts

The unaudited condensed consolidated accounts of the Group for the six months ended 30 June 2012 have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The independent review report of the auditor is set out on page 22. The unaudited condensed consolidated accounts of the Group for the six months ended 30 June 2012 have also been reviewed by the Audit Committee of the Company.

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

During the six months ended 30 June 2012, 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 Wednesday, 29 August 2012 to Wednesday, 5 September 2012, both days inclusive. In order to qualify for the interim dividend payable on Thursday, 6 September 2012, 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 p.m. on Tuesday, 28 August 2012.

Disclosure of Interests

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

As at 30 June 2012, 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 Depositary 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	-	0.1888%
Wong King Fai, Peter	Beneficial owner	Personal interest	2,666,667	-	0.0553%
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 Depositary 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 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 2012, the following interests:

- (i) corporate interests in 6,010,875 ordinary shares, representing approximately 0.141% 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 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited; and (c) a nominal amount of US\$5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited ("HWI(10)").

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 2012, 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 2012, personal interests in 190,000 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 2012, personal interests in (i) 200,000 ordinary shares, representing approximately 0.005% 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) a nominal amount of US\$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10).

Mr Lai Kai Ming, Dominic in his capacity as a beneficial owner had, as at 30 June 2012, 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 2012, 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 2012, 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 2012, 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:

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) (Note 1))	65.01%
	(ii) Interest of a controlled corporation	512,961,149) (Note 1))	
Hutchison Telecommunications Group Holdings Limited ("HTGHL")	Interest of controlled corporations	3,132,890,253 (Note 1)	65.01%
Ommaney Holdings Limited ("OHL")	Interest of controlled corporations	3,132,890,253 (Note 1)	65.01%
Hutchison International Limited ("HIL")	Interest of controlled corporations	3,132,890,253 (Note 1)	65.01%
HWL	Interest of controlled corporations	3,132,890,253 (Note 1)	65.01%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	3,184,982,840 (Note 2)	66.09%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	3,184,982,840 (Note 3)	66.09%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	3,184,982,840 (Note 4)	66.09%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	3,184,982,840 (Note 4)	66.09%
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	3,185,136,120) (Note 5))	74.48%
	(ii) Interest of controlled corporations	403,979,499) (Note 6))	
Mayspin Management Limited ("Mayspin")	Interest of controlled corporations	403,979,499 (Note 7)	8.38%
Yuda Limited ("Yuda")	Beneficial owner	350,527,953 (Note 8)	7.27%

Disclosure of Interests

Notes:

1. 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 512,961,149 ordinary shares of the Company held by Hutchison Telecommunications Holdings Limited, a wholly-owned subsidiary of HTIHL.
2. 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.
3. 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.
4. Each of TDT1 as trustee of a discretionary trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2") holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children and Mr Li Tzar Kai, Richard. 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.
5. 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. Each of Mr Li, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Li Ka-Shing Unity Holdings Limited ("Unity Holdco") and Li Ka-Shing Castle Holdings Limited ("Castle Holdco") 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.

Note: Effective from 16 July 2012, Mr Li Tzar Kai, Richard ceased to have any interest in the issued share capital of Unity Holdco and Castle Holdco. Mr Li and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of both of Unity Holdco and Castle Holdco.
6. Such ordinary shares were held by companies of which Mr Li is interested in the entire issued share capital.
7. 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.
8. 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 2012, 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 2012 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 2012	Granted	Exercised	Lapsed/ cancelled	Number of share options held at 30 June 2012	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 2012	during the six months ended 30 June 2012	during the six months ended 30 June 2012				at the grant date of share options ⁽³⁾ HK\$	at the exercise date of share options ⁽⁴⁾ HK\$	
Employees in aggregate	1.6.2009	1,090,000	-	(650,000)	-	440,000	1.6.2009 to 31.5.2019 (both dates inclusive)	1.00	0.96	3.42	
Total		1,090,000	-	(650,000)	-	440,000					

Notes:

- The share options were 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 2012, the Company had 440,000 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 2012.

Corporate Governance

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (together, the "Group") as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality board of Directors (the "Board"), effective internal controls, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

Compliance with the Code on Corporate Governance Practices and Corporate Governance Code

The Stock Exchange of Hong Kong Limited has made various amendments to the Code on Corporate Governance Practices (the "Old Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and renamed it the Corporate Governance Code (the "CG Code"). The CG Code took effect on 1 April 2012.

The Company has been fully compliant with all code provisions of the Old Code during the period from 1 January 2012 to 31 March 2012. It has also fully complied with the CG Code during the period from 1 April 2012 to 30 June 2012, other than Code Provisions A.5.1 to A.5.4 of the CG Code with respect to nomination committee. The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors, including the Chairman of the Board and the Chief Executive Officer.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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 securities transactions of Directors. 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.

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 2011 Annual Report are set out below:

Name of Director	Details of Changes
Cheong Ying Chew, Henry	Resigned as an independent non-executive director of Excel Technology International Holdings Limited* on 3 July 2012
Wong Yick Ming, Rosanna	Ceased to be a member of the Commission on Strategic Development of the Government of the Hong Kong Special Administrative Region on 1 July 2012

* A company whose shares are listed on the Growth Enterprise Market 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 23 to 39, 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 2012 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-month period 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, 1 August 2012

Condensed Consolidated Income Statement

for the six months ended 30 June 2012

	Note	Unaudited	
		2012 HK\$ millions	2011 HK\$ millions
Turnover	4	6,730	6,018
Cost of inventories sold		(2,369)	(1,792)
Staff costs		(346)	(307)
Customer acquisition costs		(331)	(569)
Depreciation and amortisation		(645)	(561)
Other operating expenses		(2,238)	(2,107)
Operating profit		801	682
Interest income	6	5	2
Interest and other finance costs	6	(77)	(57)
Share of results of jointly controlled entities		(2)	1
Profit before taxation		727	628
Taxation	7	(23)	(28)
Profit for the period		704	600
Attributable to:			
Shareholders of the Company		568	494
Non-controlling interests		136	106
		704	600
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic	8	11.79	10.25
- diluted	8	11.79	10.25

Details of interim dividend payable to shareholders 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 2012

	Unaudited	
	2012 HK\$ millions	2011 HK\$ millions
Profit for the period	704	600
Other comprehensive income recognised directly in equity		
Currency translation differences	-	1
Total comprehensive income for the period, net of tax	704	601
Total comprehensive income attributable to:		
Shareholders of the Company	568	495
Non-controlling interests	136	106
	704	601

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

Condensed Consolidated Statement of Financial Position

as at 30 June 2012

	Note	Unaudited 30 June 2012 HK\$ millions	Audited 31 December 2011 HK\$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	10	9,742	9,690
Goodwill		4,503	4,503
Other intangible assets	11	1,785	1,718
Other non-current assets	12	1,168	1,207
Deferred tax assets		368	368
Investments in jointly controlled entities		366	332
Total non-current assets		17,932	17,818
Current assets			
Cash and cash equivalents	13	224	182
Trade receivables and other current assets	14	1,670	1,787
Inventories		315	299
Total current assets		2,209	2,268
Current liabilities			
Trade and other payables	15	4,501	4,615
Borrowings	16	-	3,853
Current income tax liabilities		12	10
Total current liabilities		4,513	8,478
Net current liabilities		(2,304)	(6,210)
Total assets less current liabilities		15,628	11,608
Non-current liabilities			
Deferred tax liabilities		252	231
Borrowings	16	3,775	-
Other non-current liabilities	17	999	964
Total non-current liabilities		5,026	1,195
Net assets		10,602	10,413
CAPITAL AND RESERVES			
Share capital	18	1,205	1,205
Reserves		9,432	9,379
Total shareholders' funds		10,637	10,584
Non-controlling interests		(35)	(171)
Total equity		10,602	10,413

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 2012

	Unaudited									
	Attributable to shareholders 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 2012	1,205	11,184	(1,730)	-	(92)	-	17	10,584	(171)	10,413
Profit for the period and total comprehensive income	-	-	568	-	-	-	-	568	136	704
Dividend relating to 2011 paid in 2012 (Note 9)	-	-	(516)	-	-	-	-	(516)	-	(516)
Employee share option scheme - proceeds from shares issued	-	1	-	-	-	-	-	1	-	1
As at 30 June 2012	1,205	11,185	(1,678)	-	(92)	-	17	10,637	(35)	10,602
As at 1 January 2011	1,204	11,182	(2,172)	1	(27)	1	17	10,206	(404)	9,802
Profit for the period	-	-	494	-	-	-	-	494	106	600
Other comprehensive income										
Currency translation differences	-	-	-	1	-	-	-	1	-	1
Total comprehensive income	-	-	494	1	-	-	-	495	106	601
Dividend relating to 2010 paid in 2011 (Note 9)	-	-	(329)	-	-	-	-	(329)	-	(329)
Employee share option scheme - proceeds from shares issued	1	2	-	-	-	(1)	-	2	-	2
As at 30 June 2011	1,205	11,184	(2,007)	2	(27)	-	17	10,374	(298)	10,076

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 2012

	Note	Unaudited	
		2012 HK\$ millions	2011 HK\$ millions
Cash flows from operating activities			
Cash generated from operations	19	1,434	1,606
Interest and other finance costs paid		(31)	(28)
Net cash generated from operating activities		1,403	1,578
Cash flows from investing activities			
Purchases of property, plant and equipment		(566)	(463)
Additions to other non-current assets		-	(54)
Additions to other intangible assets		(150)	(1,077)
Proceeds from disposals of property, plant and equipment		3	52
Payment relating to investments in jointly controlled entities		(37)	(29)
Net cash used in investing activities		(750)	(1,571)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon exercise of share options		1	2
Proceeds from borrowings		4,772	1,280
Repayment of borrowings		(4,860)	(920)
Dividend paid to the shareholders of the Company	9	(516)	(329)
Dividend paid to non-controlling interests		(8)	-
Net cash (used in)/generated from financing activities		(611)	33
Increase in cash and cash equivalents		42	40
Cash and cash equivalents as at 1 January		182	180
Cash and cash equivalents as at 30 June		224	220

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 Depositary 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 (the "interim financial report") is presented in Hong Kong dollars ("HK\$"), unless otherwise stated. This interim financial report has been approved for issuance by the Board of Directors on 1 August 2012.

2 Basis of preparation

This interim financial report for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with International Financial Reporting Standards.

As at 30 June 2012, the current liabilities of the Group exceeded its current assets by approximately HK\$2,304 million. Included in the current liabilities were non-refundable customer prepayments of HK\$876 million which will gradually reduce over the contract terms of relevant subscriptions through delivery of services. The future funding requirements of the Group are expected to be met through the cash flows generated from operating activities and the drawdown of the revolving and term credit facility of HK\$5,500 million available from a group of international commercial banks up to 14 June 2015. As at 30 June 2012, the undrawn revolving and term credit facility amounted to approximately HK\$1,725 million. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, management believes that 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 2011 annual financial statements, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2012. The adoption of these new or revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies of the Group.

4 Turnover

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

	Six months ended 30 June	
	2012 HK\$ millions	2011 HK\$ millions
Mobile telecommunications services	2,730	2,676
Fixed-line telecommunications services	1,491	1,468
Telecommunications hardware	2,509	1,874
	6,730	6,018

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 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.

	Six months ended 30 June 2012				
	Mobile HK\$ millions	Fixed-line HK\$ millions	Others HK\$ millions	Elimination HK\$ millions	Total HK\$ millions
Turnover	5,241	1,725	-	(236)	6,730
Operating costs	(4,249)	(1,215)	(56)	236	(5,284)
Depreciation and amortisation	(317)	(328)	-	-	(645)
Operating profit/(loss)	675	182	(56)	-	801
Other information: Additions to property, plant and equipment	272	295	-	-	567
Additions to other intangible assets	151	-	-	-	151

	Six months ended 30 June 2011				
	Mobile HK\$ millions	Fixed-line HK\$ millions	Others HK\$ millions	Elimination HK\$ millions	Total HK\$ millions
Turnover	4,553	1,653	-	(188)	6,018
Operating costs	(3,775)	(1,134)	(54)	188	(4,775)
Depreciation and amortisation	(241)	(321)	-	1	(561)
Operating profit/(loss)	537	198	(54)	1	682
Other information: Additions to property, plant and equipment	259	205	-	-	464
Additions to other intangible assets	1,080	-	-	-	1,080

6 Interest and other finance costs, net

	Six months ended 30 June	
	2012 HK\$ millions	2011 HK\$ millions
Interest income:		
Interest income from jointly controlled entities	5	2
Interest and other finance costs:		
Bank loans	(25)	(23)
Notional non-cash interest accretion <i>(Note)</i>	(38)	(31)
Guarantee and other finance fees	(16)	(8)
	(79)	(62)
Less: Amounts capitalised on qualifying assets	2	5
	(77)	(57)
Interest and other finance costs, net	(72)	(55)

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.

7 Taxation

	Six months ended 30 June					
	2012			2011		
	Current taxation HK\$ millions	Deferred taxation HK\$ millions	Total HK\$ millions	Current taxation HK\$ millions	Deferred taxation HK\$ millions	Total HK\$ millions
Hong Kong	-	21	21	-	24	24
Outside Hong Kong	2	-	2	4	-	4
	2	21	23	4	24	28

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2011: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.

8 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK\$568 million (30 June 2011: HK\$494 million) and on the weighted average number of 4,818,241,922 (30 June 2011: 4,817,193,225) ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 30 June 2012 is calculated by adjusting the weighted average number of 4,818,241,922 (30 June 2011: 4,817,193,225) ordinary shares in issue with the weighted average number of 598,512 (30 June 2011: 1,150,816) ordinary shares deemed to be issued assuming the exercise of the share options.

9 Dividends

	Six months ended 30 June	
	2012	2011
Interim dividend (HK\$ millions)	292	249
Interim dividend per share (HK cents)	6.05	5.16

In addition, final dividend in respect of year 2011 of 10.70 HK cents per share (30 June 2011: 6.83 HK cents per share in respect of year 2010) totalling HK\$516 million (30 June 2011: HK\$329 million) was approved and paid during the six months ended 30 June 2012.

10 Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$567 million (30 June 2011: HK\$464 million). Property, plant and equipment with a net book value of HK\$3 million (30 June 2011: HK\$47 million) was disposed of during the period, resulting in an insignificant loss (30 June 2011: gain of HK\$5 million).

11 Other intangible assets

During the period, the Group acquired a block of 30MHz spectrum in the 2.3GHz band (30 June 2011: spectrum in the 900MHz band) with a cost of HK\$151 million (30 June 2011: HK\$1,080 million) for the provision of mobile telecommunications services in Hong Kong for a period of 15 years.

12 Other non-current assets

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Prepayments	1,117	1,136
Non-current deposits	51	71
	1,168	1,207

13 Cash and cash equivalents

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Cash at banks and in hand	98	109
Short-term bank deposits	126	73
	224	182

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.

	Note	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Trade receivables		1,521	1,626
Less: Provision for doubtful debts		(222)	(189)
Trade receivables, net of provision	14(a)	1,299	1,437
Other receivables		137	130
Prepayments and deposits		234	220
		1,670	1,787

14 Trade receivables and other current assets (Continued)

(a) Trade receivables, net of provision

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0-30 days	779	916
31-60 days	151	209
61-90 days	90	106
Over 90 days	279	206
	1,299	1,437

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 Trade and other payables

	Note	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Trade payables	15(a)	625	462
Other payables and accruals		2,838	3,026
Deferred revenue		876	969
Current portion of licence fees liabilities		162	158
		4,501	4,615

15 Trade and other payables (Continued)

(a) Trade payables

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
The ageing analysis of trade payables is as follows:		
0-30 days	278	188
31-60 days	91	56
61-90 days	39	39
Over 90 days	217	179
	625	462

16 Borrowings

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Unsecured bank loans		
Repayable within 1 year	-	3,853
Repayable between 2 and 5 years	3,775	-
	3,775	3,853

On 14 June 2012, the Company and its subsidiaries, Hutchison Telephone Company Limited and Hutchison Global Communications Limited, entered into an agreement with a group of international commercial banks for a revolving and term credit facility of HK\$5,500 million available up to 14 June 2015 to refinance the then existing borrowings.

17 Other non-current liabilities

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Non-current licence fees liabilities	794	761
Pension obligations	91	91
Accrued expenses	114	112
	999	964

18 Share capital

(a) Authorised share capital of the Company

The authorised share capital of the Company comprises 10 billion shares of HK\$0.25 each (31 December 2011: Same).

(b) Issued share capital of the Company

	Note	Ordinary share of HK\$0.25 each Number of shares	Issued and fully paid HK\$ millions
As at 1 January 2011		4,815,756,208	1,204
Issuance of shares arising from exercise of employee share options	18(c)	2,250,000	1
As at 31 December 2011		4,818,006,208	1,205
As at 1 January 2012		4,818,006,208	1,205
Issuance of shares arising from exercise of employee share options	18(c)	650,000	-
As at 30 June 2012		4,818,656,208	1,205

18 Share capital (continued)

(c) Share options of the Company

The Company's share option scheme was approved on 21 May 2009. The Board of Directors may, under the share option scheme, grant share options to directors, non-executive directors or employees 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 share options granted
As at 1 January 2011	1	3,340,000
Exercised	1	(2,250,000)
As at 31 December 2011	1	1,090,000
As at 1 January 2012	1	1,090,000
Exercised	1	(650,000)
As at 30 June 2012	1	440,000

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 during the six months ended 30 June 2012 resulted in 650,000 (31 December 2011: 2,250,000) 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\$3.46 (31 December 2011: HK\$2.68) per share.

As at 30 June 2012, 440,000 (31 December 2011: 1,090,000) share options were exercisable.

19 Cash generated from operations

	Six months ended 30 June	
	2012 HK\$ millions	2011 HK\$ millions
Cash flows from operating activities		
Profit before taxation	727	628
Adjustments for:		
- Interest income (Note 6)	(5)	(2)
- Interest and other finance costs (Note 6)	77	57
- Depreciation and amortisation	645	561
- Gain on disposal of property, plant and equipment (Note 10)	-	(5)
- Share of results of jointly controlled entities	2	(1)
Changes in working capital:		
- Trade receivables and other assets	104	(229)
- Inventories	(16)	(50)
- Trade and other payables	(100)	647
Cash generated from operations	1,434	1,606

20 Contingent liabilities

The Group had contingent liabilities in respect of the following:

	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
	Performance guarantees	942
Financial guarantees	18	18
	960	810

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 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Property, plant and equipment and other intangible assets		
Contracted but not provided for	1,000	914
Authorised but not contracted for	197	1,008
	1,197	1,922
Investments in jointly controlled entities		
Authorised but not contracted for	245	282

(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 2012 HK\$ millions	As at 31 December 2011 HK\$ millions	As at 30 June 2012 HK\$ millions	As at 31 December 2011 HK\$ millions
Not later than one year	356	310	162	113
Later than one year but not later than five years	201	201	129	35
Later than five years	-	-	9	10
	557	511	300	158

(c) Telecommunications licence fees

A subsidiary of the Company has a unified carrier licence for the provision of telecommunications services in Hong Kong over various periods of time up to year 2021 (the "Licence") and variable licence fees are payable based on 5% of the network turnover 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 Fees has already been recorded as licence fee liabilities.

22 Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation of customer acquisition costs which represent net costs to acquire and retain telecommunications customers and are expensed and recognised in the period in which they are incurred.

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

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Financial Calendar

Closure of Register of Members	29 August 2012 to 5 September 2012
Payment of 2012 Interim Dividend	6 September 2012

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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.



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