



Press Release

Hutchison Telecommunications Hong Kong Holdings Limited Reports 2011 Annual Results

Deliver sustained growth and Create value for shareholders and customers

Highlights

- Consolidated turnover grew 36% to HK\$13,407 million, driven by strong growth in smartphone sales and data communications.
- Turnover of mobile business was HK\$10,406 million, of which service revenue amounted to HK\$5,467 million. EBITDA was HK\$1,712 million.
- Turnover of fixed-line business was HK\$3,403 million and EBITDA was HK\$1,016 million.
- Profit attributable to shareholders of the Company increased by 35% to HK\$1,020 million.
- Earnings per share rose 35% to 21.17 HK cents.
- Final dividend per share recommended at 10.70 HK cents, a growth of 57 %.

Hong Kong, 20 March 2012 - Hutchison Telecommunications Hong Kong Holdings Limited (the "Company" or the "Group"; Stock Code: 215) today announced its annual results for the year ended 31 December 2011.

The Group achieved another year of success and sustained growth in 2011. Consolidated turnover of the Group increased by 36% from HK\$9,880 million in 2010 to HK\$13,407 million in 2011. The increase in turnover was mainly fuelled by the strong growth of smartphone sales and data usage in mobile business, complemented by steady growth in fixed-line business.

EBITDA of the Group rose 19% from HK\$2,194 million in 2010 to HK\$2,611 million while operating profit increased by 29% from HK\$1,107 million in 2010 to HK\$1,432 million in 2011. Profit for the year rose from HK\$900 million in 2010 to HK\$1,261 million in 2011 and after

accounting for the 24.1% non-controlling interests in our mobile business, profit attributable to shareholders of the Company increased from HK\$755 million in 2010 to HK\$1,020 million in 2011, representing a growth of 35%. Basic earnings per share in 2011 was 21.17 HK cents, compared to 15.68 HK cents in 2010.

The board of directors recommends the payment of a final dividend of 10.70 HK cents (2010: 6.83 HK cents) per share for 2011, or HK\$516 million (2010: HK\$329 million) in total. Together with the interim dividend of 5.16 HK cents per share, this brings the full year dividend to 15.86 HK cents per share. Total full year dividend represents 75% of profit attributable to shareholders for the year, which is in line with the dividend policy of the Company, and represents a 56% increase compared to that in 2010.

Mr Peter Wong, Chief Executive Officer of the Group, said: "We successfully delivered sustained growth and created value for shareholders and customers in 2011. Both revenue and profit of the Group continued to grow. Our mobile operations, **3**, not only provided customers with convenient and comprehensive sales services with enhanced retail presence, but also boasts the largest amount of available radio spectrum bandwidth for service provision in Hong Kong. Our fixed-line operations, **HGC**, continued to grow its carrier, corporate and residential businesses by further expanding its local coverage and providing a fully integrated offering to customers. Our international and IDD businesses continued to grow as we expand our overseas coverage and interconnections with operators worldwide via our comprehensive network. We will endeavour to capitalise on the data era with our fixed-mobile integrated capabilities and a greater range of competitively priced and attractive service offerings."

Operations Review

Mobile Business - Hong Kong and Macau

- Turnover increased by 50% to HK\$10,406 million.
- EBITDA and operating profit increased to HK\$1,712 million and HK\$1,184 million, reflecting a strong growth of 38% and 49% respectively.
- Total customer base in Hong Kong and Macau expanded to 3.51 million, of which 3G customers accounted for approximately 75%.
- Service revenue amounted to HK\$5,467 million.
- Blended postpaid ARPU was HK\$244 with 3G ARPU rising to HK\$248.

Mobile business of the Group reported record growth in 2011. Turnover of mobile operations increased by 50% from HK\$6,950 million in 2010 to HK\$10,406 million in 2011, which accounted for over 70% of the consolidated turnover of the Group.

EBITDA increased by 38% from HK\$1,238 million in 2010 to HK\$1,712 million in 2011, mainly as a result of turnover growth benefiting from strong telecommunications hardware sales and demand for data services, as well as carefully-executed cost-planning initiatives. Operating profit increased by 49% from HK\$792 million in 2010 to HK\$1,184 million in 2011.

Subscriber base of mobile business continued to expand. The total Hong Kong and Macau customer base stood at 3.51 million of which 3G customers accounted for approximately 75%, indicating a growing proportion of high-yield subscribers. 3G customers increased to 2.61 million, and the total number of Hong Kong and Macau postpaid customers reached 2.00 million.

Service revenue increased from HK\$5,158 million in 2010 to HK\$5,467 million in 2011. Demand for data service was robust, with local and roaming data revenue in aggregate accounted for 53% of mobile service revenue.

Increased availability of smart devices also added further boost to ARPU growth. Blended postpaid ARPU increased from HK\$220 in 2010 to HK\$244 in 2011, with 3G ARPU rising from HK\$229 in 2010 to HK\$248 in 2011.

Capital expenditures were HK\$619 million in 2011. Capital expenditures to service revenue rose from 9.8% in 2010 to 11.3% in 2011.

Fixed-line Business - Hong Kong

- Established strong presence in the carrier market, with increasing IDD and data revenue.
- Turnover increased by 4% to HK\$3,403 million.
- Revenue from carrier market rose 12% to HK\$1,781 million.
- EBITDA was HK\$1,016 million.

Driven by its strong presence in the carrier market, the fixed-line operations of the Group continued to deliver an overall steady growth in 2011. Turnover of the fixed-line operations increased by 4% from HK\$3,286 million in 2010 to HK\$3,403 million in 2011. Revenue from the

carrier market rose 12% from HK\$1,588 million in 2010 to HK\$1,781 million in 2011. Revenue from the corporate and business market slightly increased from HK\$838 million in 2010 to HK\$840 million in 2011. Due to intense price competition in the voice sector of residential market, revenue from the residential market amounted to HK\$583 million in 2011 compared to HK\$642 million in 2010.

EBITDA was HK\$1,016 million in 2011 compared to HK\$1,064 million in 2010 following keen competition in the residential voice market, which was partially offset by growth in carrier and corporate markets. Operating profit in 2011 was HK\$364 million, compared to HK\$422 million in 2010, a decline of HK\$58 million. This decline was due to the EBITDA decline mentioned above as well as a non-recurring loss of HK\$44 million from write-off of submarine cables located at the Hong Kong-Zhuhai-Macau Bridge construction site. Capital expenditures were HK\$529 million in 2011.

Outlook

The mobile operations has undertaken various initiatives to cope with increasing network capacity and coverage demand as well as to provide customers with innovative and attractive product offerings. Re-farming of the 900MHz band spectrum for 3G services is expected to be completed in 2012. This, coupled with launch of the Long Term Evolution service when more related mobile devices become available in the market, will enrich the Group's portfolio and provide further business growth opportunities. The Group's alliance with Vodafone, will also open up more business opportunities in the corporate market while benefiting customers with an expanded international roaming offering.

As one of the only three accredited vendors of Hong Kong Exchanges and Clearing Limited to provide Securities and Derivatives Network (SDNet/2) service, the fixed-line operations will be well positioned to serve the needs of a greater number of corporate customers. The fixed-line operations will also continue to benefit from increasing data usage from carrier, corporate and residential customers and increasing demand for new data centric services like mobile backhaul network and cloud computing services.

Leveraging its fixed-mobile integrated capabilities, along with best-in-class mobile networks supported by an extensive fibre infrastructure, the Group are currently in a strategically-advantageous position to provide a wider selection of competitively priced and attractive service offerings and to further grow its business in mobile and fixed-line markets.

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About Hutchison Telecommunications Hong Kong Holdings Limited

Hutchison Telecommunications Hong Kong Holdings Limited (HTHKH, Stock Code: 215) is a leading integrated telecommunications service operator in Hong Kong. HTHKH provides advanced mobile and Wi-Fi services, residential fixed broadband, residential telephone and IDD services in Hong Kong and delivers mobile services in Macau under the "3" brand. HTHKH also provides sophisticated fixed-line telecommunications solutions to corporate and carrier customers in Hong Kong and around the world under the "HGC" brand. A group member of Hutchison Whampoa Limited (Stock Code: 13), HTHKH deploys the latest telecommunications technology to offer world-class telecommunications services and innovations, setting market trend and steering industry development.

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For 3 Hong Kong's services, please visit www.three.com.hk
For 3 Macau's mobile services, please visit www.three.com.mo
For HGC's fixed-line services, please visit www.hgc.com.hk