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Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 215)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

| | For the six months ended 30 June 2015 HK\$ millions | For the six months ended 30 June 2014 HK\$ millions | 2015 1H vs 2014 1H Change |
|---|--|--|------------------------------------|
| Consolidated turnover | 11,020 | 6,227 | +77% |
| Consolidated EBITDA⁽¹⁾ | 1,456 | 1,181 | +23% |
| Consolidated EBIT⁽²⁾ | 789 | 527 | +50% |
| Profit attributable to shareholders | 508 | 323 | +57% |
| Earnings per share (in HK cents) | 10.54 | 6.70 | +57% |
| Interim dividend per share (in HK cents) | 5.20 | 4.25 | +22% |

- Consolidated turnover increased by 77% to HK\$11,020 million mainly driven by an increase in mobile hardware revenue.
- Consolidated EBITDA increased by 23% to HK\$1,456 million as a result of an increase in turnover together with enhanced operating efficiency from process transformation.
- Profit attributable to shareholders increased by 57% to HK\$508 million.
- Interim dividend per share is 5.20 HK cents.

Note 1: EBITDA is defined as earnings before interest income, interest and other finance costs, taxation, depreciation and amortisation, and share of results of joint ventures.

Note 2: EBIT is defined as earnings before interest income, interest and other finance costs, taxation and share of results of joint ventures.

CHAIRMAN'S STATEMENT

The results of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the first half of 2015 showed solid improvement compared with the first half of 2014 which reflected a continuing sign of turnaround in the mobile business. The Group as a whole benefited from increasing turnover, improving margin and process transformation.

Results

The results in the first half of 2015 reflected the improvement in the mobile business since the second half of 2014 and continuing contribution from the fixed-line business. Consolidated turnover in the first half of 2015 was HK\$11,020 million, an increase of 77% compared with HK\$6,227 million in the first half of 2014. Profit attributable to shareholders in the first half of 2015 amounted to HK\$508 million, an increase of 57%, compared with HK\$323 million in the first half of 2014.

Basic earnings per share in the first half of 2015 were 10.54 HK cents compared with 6.70 HK cents in the first half of 2014.

Dividends

The Board of Directors (the "Board") has declared payment of an interim dividend for the first half of 2015 of 5.20 HK cents (30 June 2014: 4.25 HK cents) per share, payable on Wednesday, 9 September 2015, to those persons registered as shareholders of the Company on Monday, 31 August 2015, being the record date for determining shareholders' entitlement to the interim dividend. The Board expects a total full-year dividend payout to be equivalent to 75% of annual profit attributable to shareholders.

Business Review

Mobile business – Hong Kong and Macau

Mobile business turnover was HK\$9,242 million in the first half of 2015, an increase of 108% compared with HK\$4,438 million in the first half of 2014. Mobile hardware revenue achieved an increase of 242% to HK\$7,150 million in the first half of 2015 compared with the first half of 2014 as a result of the continuing popularity of smartphones since the second half of 2014. Mobile net customer service revenue in the first half of 2015 was HK\$2,092 million, an 11% decline compared with HK\$2,348 million in the first half of 2014, mainly as a result of decrease in roaming revenue. The corresponding net customer service revenue margin percentage increased from 89% to 93% as a result of reduction in direct roaming costs. The net customer service revenue margin, after deducting the related customer acquisition costs, increased by 1% from HK\$1,801 million in the first half of 2014 to HK\$1,813 million in the first half of 2015. Excluding the roaming factors in both periods, adjusted local net customer service revenue margin increased by 5% from HK\$1,377 million in the first half of 2014 to HK\$1,444 million in the first half of 2015 as a result of better net ARPU⁽¹⁾ and reduction in direct variable costs.

Note 1: Net ARPU represents monthly average spending per user excluding customers' contribution to handsets, or other devices, in a bundled service and hardware plan in a 6-month period.

EBITDA and EBIT in the first half of 2015 were HK\$870 million and HK\$552 million respectively, an improvement of 42% and 79% respectively when compared to the first half of 2014. The increases were mainly due to increased mobile turnover, enhanced customer quality and continued focus on operating efficiency following a planned strategy to focus more on margin and profitability. Service EBITDA margin⁽²⁾ improved from 25% in the first half of 2014 to 33% in the first half of 2015.

As at 30 June 2015, the Group was serving approximately 2.9 million customers in Hong Kong and Macau (31 December 2014: 3.2 million), of which postpaid customers was over 1.5 million (31 December 2014: 1.7 million). The decrease in postpaid customer number narrowed in the first half of 2015 and it is expected to attract more quality customer going forward with the advanced network infrastructure.

In line with the Group's continued commitment to network quality, the Group has expanded its high speed 4G Long-Term-Evolution ("4G LTE") network, which has resulted in a greater number of upgrade of existing customers to the 4G LTE tariff plans. Blended local postpaid net ARPU⁽³⁾ for the first half of 2015 was HK\$158, an increase of 20% compared with HK\$132 for the first half of 2014, while the corresponding AMPU⁽⁴⁾ improved by 22% to HK\$151 compared with first half of 2014.

The deployment of 4G LTE-Advanced service and construction of Time Division Duplexing network are in good progress and expected to be ready for service in the market in the near future. With this well-developed infrastructure, the Group anticipates considerable growth in 4G LTE customers and related net ARPU.

Fixed-line business

Fixed-line service revenue in the first half of 2015 was HK\$1,984 million, comparable to that in the first half of 2014. Revenue generated from the corporate and business market continued to be the key growth driver, reporting an increase of 4% to HK\$581 million in the first half of 2015, partially offset by a 2% drop of revenue to HK\$1,052 million in the international and local carrier market primarily due to the decreased revenue from international direct dialing and local backhaul leased line services. EBITDA and EBIT in the first half of 2015 were HK\$656 million and HK\$307 million respectively, representing an increase of 4% and 8% respectively against the first half of 2014. EBITDA margin improved from 31% in the first half of 2014 to 33% in the first half of 2015. The increase in EBITDA and EBIT was mainly due to continued focus on the provision of high margin solution based offerings as well as operational efficiency.

The Group anticipates an increasing need for high speed sophisticated telecommunications network solutions. The evolution as a next generation solution provider via advanced network infrastructure and solution platforms including strong Wi-Fi presence as well as cloud-based solutions will put the Group in a solid position to address growing market demand.

Note 2: Service EBITDA margin represents EBITDA excluding standalone handset sales revenue margin as a percentage of net customer service revenue.

Note 3: Local postpaid net ARPU is defined as monthly average spending per postpaid user excluding roaming revenue and a customer's contribution to handset, or other devices, in a bundled service and hardware plan as well as revenue and expenses related to handset under the non-subsidised handset business model in a 6-month period. Prior period figure has been adjusted to conform to current period presentation.

Note 4: AMPU represents average net margin per user.

Outlook

With the improvement in local net customer service revenue in the mobile business together with the continuing contribution from the fixed-line business, the Group is tracking towards further enhancement in margin and profitability. As an integrated telecommunications operator with complementary mobile and fixed-line networks, the Group will continue to better serve its customers by developing diversified products and services with the state-of-the-art network infrastructure. The Group expects to build on this strong foundation for further growth in profitability and hence shareholder value in the future.

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

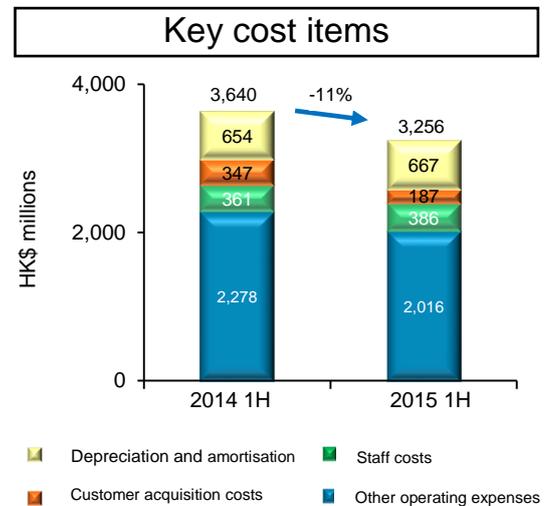
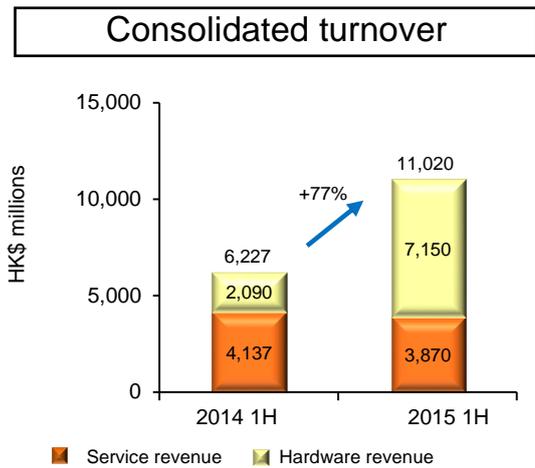
Hong Kong, 4 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

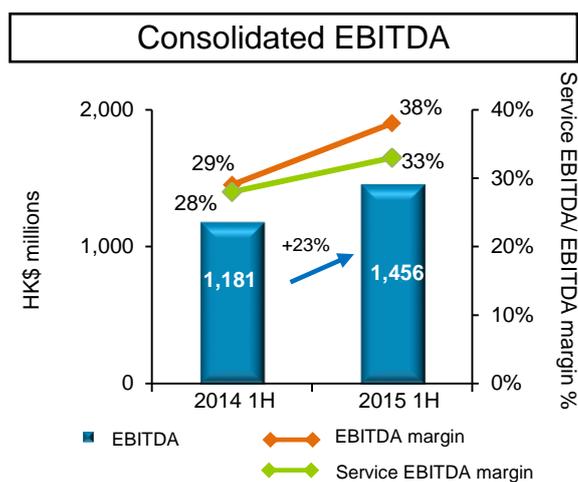
Financial Review

Consolidated turnover in the first half of 2015 was HK\$11,020 million, an increase of 77% compared with HK\$6,227 million in the first half of 2014. The increase was mainly due to an increase of 242% in hardware revenue from HK\$2,090 million in the first half of 2014 to HK\$7,150 million in the first half of 2015. Total service revenue in the first half of 2015 was HK\$3,870 million, a decrease of 6% compared with HK\$4,137 million in the first half of 2014, mainly due to the drop in mobile net customer service revenue of 11% as a result of decrease in mobile roaming revenue.

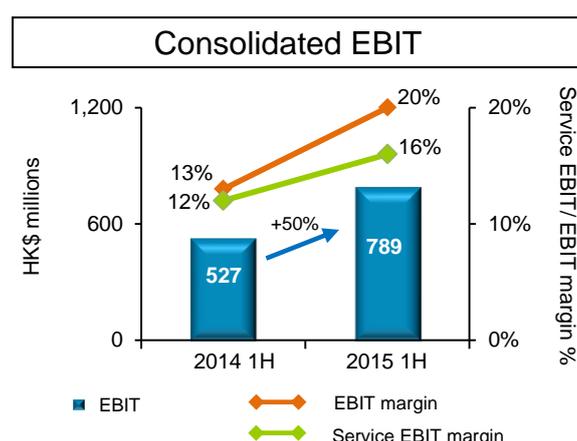
Total operating expenses, excluding cost of inventories sold, amounted to HK\$3,256 million in the first half of 2015, a decrease of 11% compared with HK\$3,640 million in the first half of 2014, as a result of less promotional activities on customer acquisition as well as reduction in direct variable cost.



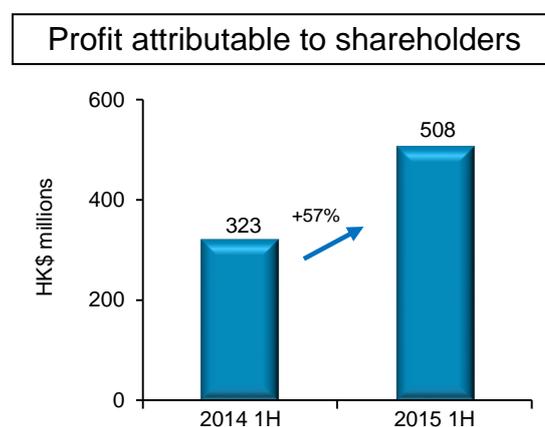
Consolidated EBITDA was HK\$1,456 million in the first half of 2015, an increase of 23% compared to HK\$1,181 million in the first half of 2014. Service EBITDA margin⁽¹⁾ increased from 28% in the first half of 2014 to 33% in the first half of 2015, mainly due to improved operating performance of the mobile and fixed-line businesses as well as operating efficiency management. Depreciation and amortisation amounted to HK\$667 million in the first half of 2015, an increase of 2% compared with the first half of 2014, which was in line with disciplined capital expenditure spending in recent years. Consolidated EBIT was HK\$789 million in the first half of 2015, an increase of 50% compared with that in the first half of 2014.



Interest and other finance costs decreased by 27% from HK\$82 million in the first half of 2014 to HK\$60 million in the first half of 2015 mainly as a result of favourable interest rate subsequent to the refinancing completed in December 2014 and improving cashflow from operating activities during the period which led to lower level of net debt in the first half of 2015. Gearing ratio as at 30 June 2015, calculated by dividing net debt by net total capital, was 19% (31 December 2014: 23%).



Share of losses of joint ventures in the first half of 2015 recorded at HK\$18 million compared with HK\$12 million in the first half of 2014, mainly due to an increase in related depreciation and amortisation costs for the newly opened data centre in March 2014.



Taxation increased from HK\$82 million in the first half of 2014 to HK\$120 million in the first half of 2015, in line with the growth in profits before taxation.

Overall, profit attributable to shareholders of the Company in the first half of 2015 was HK\$508 million, an increase of 57% compared with HK\$323 million in the first half of 2014.

Note 1: Service EBITDA or service EBIT margin represents EBITDA or EBIT excluding standalone handset sales revenue margin as a percentage of total service revenue.

Business Review

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

Hong Kong and Macau Mobile business highlights

| | For the six months ended 30 June 2015 HK\$ millions | For the six months ended 30 June 2014 HK\$ millions | Favourable/ unfavourable change |
|---|--|--|---------------------------------------|
| Total revenue | 9,242 | 4,438 | +108% |
| - <i>Net customer service revenue</i> | 2,092 | 2,348 | -11% |
| - <i>Hardware revenue</i> | 7,150 | 2,090 | +242% |
| - <i>Bundled sales revenue</i> | 416 | 381 | +9% |
| - <i>Standalone handset sales revenue</i> | 6,734 | 1,709 | +294% |
| Net customer service revenue margin⁽²⁾ | 1,945 | 2,085 | -7% |
| <i>Net customer service revenue margin %</i> | 93% | 89% | +4% points |
| Standalone handset sales revenue margin | 175 | 30 | +483% |
| Total CACs⁽³⁾ | (548) | (665) | +18% |
| Less: Bundled sales revenue | 416 | 381 | +9% |
| Total CACs (net of handset revenue) | (132) | (284) | +54% |
| Operating expenses | (1,118) | (1,217) | +8% |
| <i>Opex as a % of net customer service revenue margin</i> | 53% | 52% | -1% point |
| EBITDA | 870 | 614 | +42% |
| Service EBITDA⁽⁴⁾ | 695 | 584 | +19% |
| Service EBITDA Margin % | 33% | 25% | +8% points |
| Depreciation and amortisation | (318) | (306) | -4% |
| EBIT | 552 | 308 | +79% |
| CAPEX | (160) | (220) | +27% |
| EBITDA less CAPEX | 710 | 394 | +80% |

Note 2: Net customer service revenue margin is defined as net customer service revenue less direct variable costs (including interconnection charges and roaming costs).

Note 3: CACs represents customer acquisition costs.

Note 4: Service EBITDA is defined as EBITDA less standalone handset sales revenue margin.

Total revenue of the mobile business in the first half of 2015 was HK\$9,242 million, an increase of 108% compared with the first half of 2014. Hardware revenue grew by 242% to HK\$7,150 million in the first half of 2015 compared with that in the first half of 2014 as a result of increased standalone handset sales. Mobile net customer service revenue in the first half of 2015 was HK\$2,092 million, an 11% decline compared with HK\$2,348 million in the first half of 2014, mainly as a result of decrease in roaming revenue. The corresponding net customer service revenue margin percentage increased from 89% to 93% as a result of reduction in direct roaming costs. The net customer service revenue margin, after deducting the related customer acquisition costs, increased by 1% from HK\$1,801 million in the first half of 2014 to HK\$1,813 million in the first half of 2015. Excluding the roaming factors in both periods, adjusted local net customer service revenue margin increased by 5% from HK\$1,377 million in the first half of 2014 to HK\$1,444 million in the first half of 2015 as a result of better net ARPU and reduction in direct variable costs.

EBITDA was HK\$870 million in the first half of 2015, an increase of 42% compared with that in the first half of 2014. Corresponding EBIT was HK\$552 million in the first half of 2015, representing an increase of 79% compared with that in the first half of 2014. The increase was mainly due to increased mobile turnover, enhanced customer quality and continuous focus on operation efficiency following a planned strategy to focus on margin and profitability. Accordingly, service EBITDA margin improved from 25% to 33% in the first half of 2015.

As at 30 June 2015, the Group was serving approximately 2.9 million customers (31 December 2014: 3.2 million) in Hong Kong and Macau. Postpaid customers totalled over 1.5 million (31 December 2014: 1.7 million), and represented 54% of the total customer base (31 December 2014: 51%), which accounted for 93% of net customer service revenue. The decrease in postpaid customer number narrowed in the first half of 2015 and it is expected to attract more quality customers going forward with the advanced network infrastructure. The churn rate of postpaid customers was 1.9% in the first half of 2015, which is comparable to 1.8% recorded in the first half of 2014.

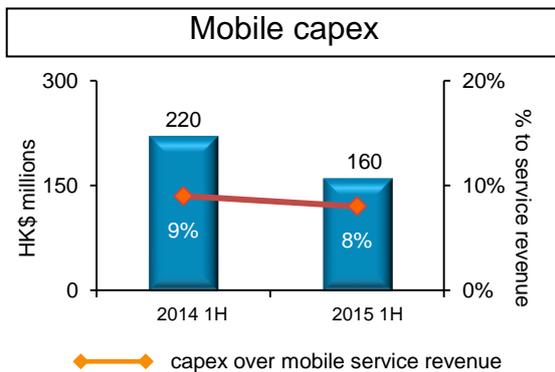
As of 30 June 2015, 75% of 3G and 4G LTE postpaid customers in Hong Kong and Macau used data services (31 December 2014: 65%). Blended local postpaid net ARPU⁽⁵⁾ in the first half of 2015 was HK\$158 compared with HK\$132 in the first half of 2014, reflecting increased data usage of customers and the market price recovery in the second half of 2014. Blended local postpaid net AMPU⁽⁶⁾ in the first half of 2015 was HK\$151, compared with HK\$124 in the first half of 2014, following enhanced customer quality and disciplined control over direct variable costs.

Note 5: Local postpaid net ARPU is defined as monthly average spending per postpaid user excluding roaming revenue and a customer's contribution to handset, or other devices, in a bundled service and hardware plan as well as revenue and expenses related to handset under the non-subsidised handset business model in a 6-month period. Prior period figure has been adjusted to conform to current period presentation.

Note 6: Local postpaid net AMPU represents average net margin per user. Local postpaid net AMPU equals local postpaid net ARPU less direct variable costs (including interconnection charges) in a 6-month period. Prior period figure has been adjusted to conform to current period presentation.

| | For the six months ended 30 June 2015 | For the six months ended 30 June 2014 | Favourable/ unfavourable/ change |
|--|---|---|--|
| Number of postpaid customer ('000) | 1,542 | 1,836 | -16% |
| Number of prepaid customer ('000) | <u>1,327</u> | <u>1,752</u> | -24% |
| Total customer ('000) | 2,869 | 3,588 | -20% |
| Postpaid customers to the total customer base (%) | 54% | 51% | +3% points |
| Postpaid customers' contribution to the net customer service revenue (%) | 93% | 94% | -1% point |
| Average monthly churn rate (%) | 1.9% | 1.8% | -0.1% point |
| Local postpaid gross ARPU ⁽⁷⁾ (HK\$) | 209 | 194 | +8% |
| Local postpaid net ARPU (HK\$) | 158 | 132 | +20% |
| Local postpaid net AMPU (HK\$) | 151 | 124 | +22% |

Capital expenditure on property, plant and equipment in the first half of 2015 amounted to HK\$160 million (30 June 2014: HK\$220 million), accounting for 8% (30 June 2014: 9%) of mobile service revenue, reflecting a disciplined level of capital expenditure spending.



| Summary of spectrum investment as of 30 June 2015 | | |
|---|-----------|---------------------|
| Spectrum band | Bandwidth | Year of expiry |
| Hong Kong | | |
| 900 MHz | 10 MHz | 2026 |
| 900 MHz | 16.6 MHz | 2020 |
| 1800 MHz | 23.2 MHz | 2021 |
| 2100 MHz | 34.6 MHz | 2016 ⁽⁸⁾ |
| 2300 MHz | 30 MHz | 2027 |
| 2600 MHz | 30 MHz* | 2024 |
| 2600 MHz | 10 MHz* | 2028 |
| Macau | | |
| 900 MHz | 15.6 MHz | 2023 |
| 1800 MHz | 38.8 MHz | 2023 |
| 2100 MHz | 20 MHz | 2023 |

* Shared under 50/50 joint venture - Genius Brand Limited

Note 7: Local postpaid gross ARPU is defined as monthly average spending per postpaid user including a customer's contribution to handset, or other devices, in a bundled service and hardware plan, excluding roaming revenue in 6-month period.

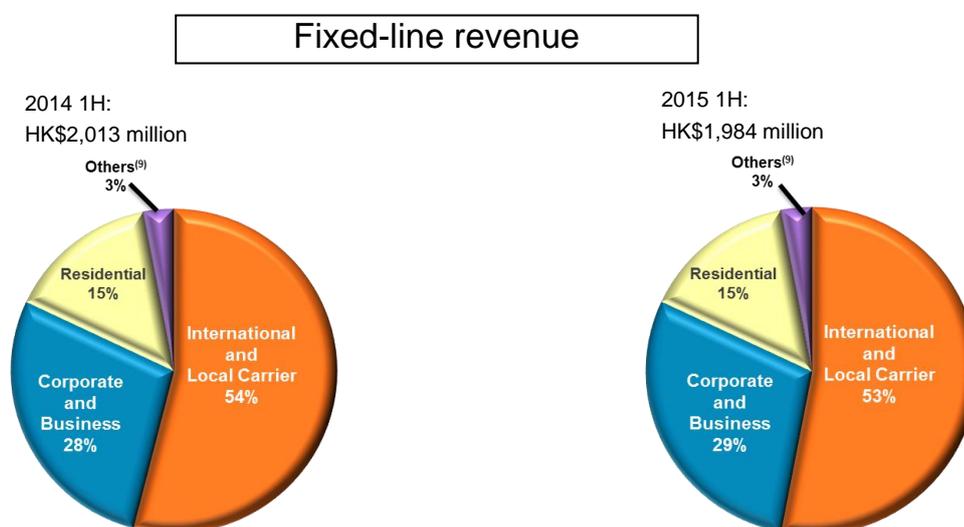
Note 8: Related licence will be extended to year 2031 for the spectrum with a total bandwidth of 29.6MHz.

Fixed-line business highlights

| | For the six months ended 30 June 2015 HK\$ millions | For the six months ended 30 June 2014 HK\$ millions | Favourable/ unfavourable change |
|--|--|--|---------------------------------------|
| Total revenue | 1,984 | 2,013 | -1% |
| Total CACs and Operating expenses | (1,328) | (1,382) | +4% |
| Total CACs and Opex as % of revenue | 67% | 69% | +2% points |
| EBITDA | 656 | 631 | +4% |
| EBITDA margin % | 33% | 31% | +2% points |
| Depreciation and amortisation | (349) | (348) | - |
| EBIT | 307 | 283 | +8% |
| CAPEX | (193) | (200) | +4% |
| EBITDA less CAPEX | 463 | 431 | +7% |

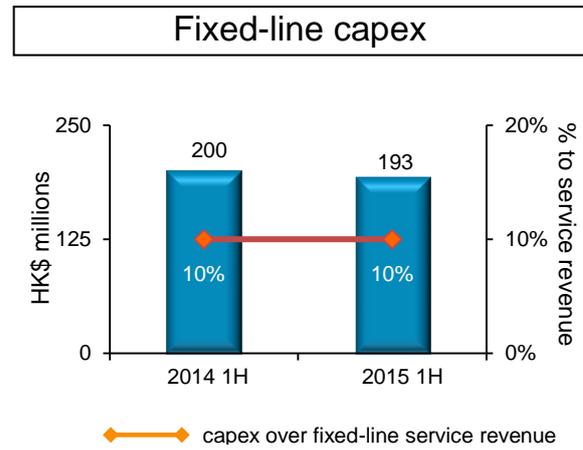
Total revenue was HK\$1,984 million in the first half of 2015, comparable to that in the first half of 2014. Revenue generated from the corporate and business market continued to be the key growth driver, reporting an increase of 4% to HK\$581 million in the first half of 2015. This was partially offset by a 2% decrease of revenue from the international and local carrier market to HK\$1,052 million, primarily due to the decreased revenue from international direct dialing and local backhaul leased line services. Revenue from the residential market was HK\$285 million in the first half of 2015, decreasing by 6% from HK\$302 million in the first half of 2014 as a result of competitive pricing in certain segments. Nevertheless, the Group will continue to focus on gaining customers with high data speed requirements.

EBITDA in the first half of 2015 amounted to HK\$656 million, representing an increase of 4% from HK\$631 million in the first half of 2014. EBITDA margin in the first half of 2015 was 33%, increased from 31% in the first half of 2014 as a result of continued focus on the provision of high margin solution based offerings as well as improved operational efficiency. EBIT in the first half of 2015 amounted to HK\$307 million, representing an increase of 8% compared with HK\$283 million in the first half of 2014.



Note 9: "Others" includes revenue from interconnection charges and others.

Capital expenditure on property, plant and equipment in the first half of 2015 amounted to HK\$193 million (30 June 2014: HK\$200 million), representing 10% (30 June 2014: 10%) of fixed-line service revenue which highlighted continued focus on network expansion and enhancement to support long-term business growth.



HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Note | Unaudited 2015 HK\$ millions | Unaudited 2014 HK\$ millions |
|--|------|------------------------------------|------------------------------------|
| Turnover | 4 | 11,020 | 6,227 |
| Cost of inventories sold | | (6,975) | (2,060) |
| Staff costs | | (386) | (361) |
| Customer acquisition costs | | (187) | (347) |
| Depreciation and amortisation | | (667) | (654) |
| Other operating expenses | | (2,016) | (2,278) |
| | | <u>789</u> | <u>527</u> |
| Interest income | 6 | 9 | 11 |
| Interest and other finance costs | 6 | (60) | (82) |
| Share of results of joint ventures | | (18) | (12) |
| | | <u>720</u> | <u>444</u> |
| Profit before taxation | | | |
| Taxation | 7 | (120) | (82) |
| | | <u>600</u> | <u>362</u> |
| Profit for the period | | | |
| | | <u>600</u> | <u>362</u> |
| Attributable to: | | | |
| Shareholders of the Company | | 508 | 323 |
| Non-controlling interests | | 92 | 39 |
| | | <u>600</u> | <u>362</u> |
| | | <u>600</u> | <u>362</u> |
| Earnings per share attributable to shareholders of the Company (expressed in HK cents per share): | | | |
| - basic | 8 | <u>10.54</u> | <u>6.70</u> |
| - diluted | 8 | <u>10.54</u> | <u>6.70</u> |

Details of interim dividend payable to shareholders of the Company are set out in Note 9.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

| | Unaudited 2015 HK\$ millions | Unaudited 2014 HK\$ millions |
|---|------------------------------------|------------------------------------|
| Profit for the period | 600 | 362 |
| Other comprehensive income | | |
| Item that will not be reclassified subsequently to income statement in subsequent periods: | | |
| - Remeasurements of defined benefit plans | 10 | - |
| Item that may be reclassified subsequently to income statement in subsequent periods: | | |
| - Currency translation differences | (1) | - |
| Total comprehensive income for the period, net of tax | <u>609</u> | <u>362</u> |
| Total comprehensive income attributable to: | | |
| Shareholders of the Company | 517 | 323 |
| Non-controlling interests | 92 | 39 |
| | <u>609</u> | <u>362</u> |

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

| | Note | Unaudited 30 June 2015 HK\$ millions | Audited 31 December 2014 HK\$ millions |
|--|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 10,495 | 10,663 |
| Goodwill | | 4,503 | 4,503 |
| Telecommunications licences | | 1,290 | 1,373 |
| Other non-current assets | | 915 | 993 |
| Deferred tax assets | | 184 | 258 |
| Investments in joint ventures | | 528 | 515 |
| Total non-current assets | | <u>17,915</u> | <u>18,305</u> |
| Current assets | | | |
| Cash and cash equivalents | 10 | 1,147 | 359 |
| Trade receivables and other current assets | 11 | 1,858 | 1,892 |
| Inventories | | 132 | 142 |
| Total current assets | | <u>3,137</u> | <u>2,393</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | 4,071 | 3,956 |
| Current income tax liabilities | | 21 | 18 |
| Total current liabilities | | <u>4,092</u> | <u>3,974</u> |
| Net current liabilities | | <u>(955)</u> | <u>(1,581)</u> |
| Total assets less current liabilities | | <u>16,960</u> | <u>16,724</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 460 | 420 |
| Borrowings | | 3,957 | 3,952 |
| Other non-current liabilities | | 653 | 643 |
| Total non-current liabilities | | <u>5,070</u> | <u>5,015</u> |
| Net assets | | <u>11,890</u> | <u>11,709</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 1,205 | 1,205 |
| Reserves | | 10,186 | 10,088 |
| Total shareholders' funds | | <u>11,391</u> | <u>11,293</u> |
| Non-controlling interests | | 499 | 416 |
| Total equity | | <u>11,890</u> | <u>11,709</u> |

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

| | Unaudited | | | | | | | | |
|--|---|-----------------------------------|--|---|-------------------------------------|------------------------------------|------------------------|---|----------------------------------|
| | Attributable to shareholders of the Company | | | | | | | | |
| | Share capital HK\$ millions | Share premium HK\$ millions | Accumulated losses HK\$ millions | Cumulative translation adjustments HK\$ millions | Pension reserve HK\$ millions | Other reserves HK\$ millions | Total HK\$ millions | Non-controlling interests HK\$ millions | Total equity HK\$ millions |
| At 1 January 2015 | 1,205 | 11,185 | (1,169) | (3) | 58 | 17 | 11,293 | 416 | 11,709 |
| Profit for the period | - | - | 508 | - | - | - | 508 | 92 | 600 |
| Other comprehensive income | | | | | | | | | |
| Remeasurements of defined benefit plans | - | - | - | - | 10 | - | 10 | - | 10 |
| Currency translation differences | - | - | - | (1) | - | - | (1) | - | (1) |
| Total comprehensive income, net of tax | - | - | 508 | (1) | 10 | - | 517 | 92 | 609 |
| Dividend relating to 2014 paid in 2015 (Note 9) | - | - | (419) | - | - | - | (419) | - | (419) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | (9) | (9) |
| At 30 June 2015 | <u>1,205</u> | <u>11,185</u> | <u>(1,080)</u> | <u>(4)</u> | <u>68</u> | <u>17</u> | <u>11,391</u> | <u>499</u> | <u>11,890</u> |

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

| | Unaudited | | | | | | | | |
|--|---|--------------------------------|-------------------------------------|---|----------------------------------|---------------------------------|------------------------|--|-------------------------------|
| | Attributable to shareholders of the Company | | | | | | | | |
| | Share capital HK\$ millions | Share premium HK\$ millions | Accumulated losses HK\$ millions | Cumulative translation adjustments HK\$ millions | Pension reserve HK\$ millions | Other reserves HK\$ millions | Total HK\$ millions | Non-controlling interests HK\$ millions | Total equity HK\$ millions |
| At 1 January 2014 | 1,205 | 11,185 | (1,411) | - | 45 | 17 | 11,041 | 295 | 11,336 |
| Profit for the period and total comprehensive income, net of tax | - | - | 323 | - | - | - | 323 | 39 | 362 |
| Dividend relating to 2013 paid in 2014 (Note 9) | - | - | (386) | - | - | - | (386) | - | (386) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | (9) | (9) |
| At 30 June 2014 | <u>1,205</u> | <u>11,185</u> | <u>(1,474)</u> | <u>-</u> | <u>45</u> | <u>17</u> | <u>10,978</u> | <u>325</u> | <u>11,303</u> |

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Note | Unaudited | |
|---|------|---------------|---------------|
| | | 2015 | 2014 |
| | | HK\$ millions | HK\$ millions |
| Cash flows from operating activities | | | |
| Cash generated from operations | | 1,673 | 1,342 |
| Interest and other finance costs paid | | (36) | (39) |
| Tax paid | | (3) | (1) |
| Net cash generated from operating activities | | <u>1,634</u> | <u>1,302</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (349) | (418) |
| Additions to other non-current assets | | (2) | (30) |
| Payments relating to investments in joint ventures | | (67) | (68) |
| Loan repayment from a joint venture | | - | 187 |
| Net cash used in investing activities | | <u>(418)</u> | <u>(329)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | 680 |
| Repayment of borrowings | | - | (1,180) |
| Dividend paid to the shareholders of the Company | 9 | (419) | (386) |
| Dividend paid to non-controlling interests | | (9) | (9) |
| Net cash used in financing activities | | <u>(428)</u> | <u>(895)</u> |
| Increase in cash and cash equivalents | | 788 | 78 |
| Cash and cash equivalents at 1 January | | 359 | 209 |
| Cash and cash equivalents at 30 June | | <u>1,147</u> | <u>287</u> |

NOTES

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 Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (together the “Group”) are principally 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.

The unaudited condensed consolidated interim financial report (the “interim financial report”) is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This interim financial report was approved for issuance by the Board of Directors on 4 August 2015.

2 Basis of preparation

The interim financial report for the six months ended 30 June 2015 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 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

As at 30 June 2015, the current liabilities of the Group exceeded its current assets by approximately HK\$955 million. Included in the current liabilities were non-refundable customer prepayments of HK\$760 million which will gradually reduce over the contract terms of relevant subscriptions through delivery of services. Excluding the non-refundable customer prepayments, the net current liabilities of the Group would have been approximately HK\$195 million. Management of the Group anticipates the net cash inflows from its operations, together with the ability to draw down from available banking facility, would be sufficient to enable 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

The interim financial report has been prepared under the historical cost convention. The accounting policies applied and methods of computation used in the preparation of this interim financial report are consistent with those used in 2014 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 2015. The effect of the adoption of these new or revised standards, amendments and interpretations was not material to the results of operations or financial position 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 | |
|--|--------------------------|---------------|
| | 2015 | 2014 |
| | HK\$ millions | HK\$ millions |
| Mobile telecommunications services | 2,083 | 2,338 |
| Fixed-line telecommunications services | 1,787 | 1,799 |
| Telecommunications hardware | 7,150 | 2,090 |
| | <u>11,020</u> | <u>6,227</u> |

5 Segment information

The Group is organised into two operating 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 EBITDA/(LBITDA)^(a) and EBIT/(LBIT)^(b). Revenue from external customers is after elimination of inter-segment revenue. The segment information on turnover, EBITDA/(LBITDA) and EBIT/(LBIT) 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 2015 | | | | |
|--|-------------------------------|-----------------------------|-------------------------|------------------------------|------------------------|
| | Mobile HK\$ millions | Fixed-line HK\$ millions | Others HK\$ millions | Elimination HK\$ millions | Total HK\$ millions |
| Turnover - service | 2,092 | 1,984 | - | (206) | 3,870 |
| Turnover - hardware | 7,150 | - | - | - | 7,150 |
| | <u>9,242</u> | <u>1,984</u> | <u>-</u> | <u>(206)</u> | <u>11,020</u> |
| Operating costs | (8,372) | (1,328) | (70) | 206 | (9,564) |
| EBITDA/(LBITDA) | 870 | 656 | (70) | - | 1,456 |
| Depreciation and amortisation | (318) | (349) | - | - | (667) |
| EBIT/(LBIT) | <u>552</u> | <u>307</u> | <u>(70)</u> | <u>-</u> | <u>789</u> |
| Other information: | | | | | |
| Additions to property, plant and equipment | <u>160</u> | <u>193</u> | <u>-</u> | <u>-</u> | <u>353</u> |
| Additions to telecommunications licences | <u>1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1</u> |

5 Segment information (Continued)

| | Six months ended 30 June 2014 | | | | Total HK\$ millions |
|--|-------------------------------|-----------------------------|-------------------------|------------------------------|------------------------|
| | Mobile HK\$ millions | Fixed-line HK\$ millions | Others HK\$ millions | Elimination HK\$ millions | |
| Turnover - service | 2,348 | 2,013 | - | (224) | 4,137 |
| Turnover - hardware | 2,090 | - | - | - | 2,090 |
| | <u>4,438</u> | <u>2,013</u> | <u>-</u> | <u>(224)</u> | <u>6,227</u> |
| Operating costs | (3,824) | (1,382) | (64) | 224 | (5,046) |
| EBITDA/(LBITDA) | <u>614</u> | <u>631</u> | <u>(64)</u> | <u>-</u> | <u>1,181</u> |
| Depreciation and amortisation | (306) | (348) | - | - | (654) |
| EBIT/(LBIT) | <u><u>308</u></u> | <u><u>283</u></u> | <u><u>(64)</u></u> | <u><u>-</u></u> | <u><u>527</u></u> |
| Other information: | | | | | |
| Additions to property, plant and equipment | <u>220</u> | <u>200</u> | <u>-</u> | <u>-</u> | <u>420</u> |
| Additions to telecommunications licences | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2</u> |

(a) EBITDA/(LBITDA) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation, depreciation and amortisation and share of results of joint ventures.

(b) EBIT/(LBIT) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation and share of results of joint ventures.

6 Interest and other finance costs, net

| | Six months ended 30 June | |
|---|--------------------------|-----------------------|
| | 2015 HK\$ millions | 2014 HK\$ millions |
| Interest income: | | |
| Interest income from joint ventures | 9 | 11 |
| | ----- | ----- |
| Interest and other finance costs: | | |
| Bank loans repayable within 5 years | (28) | (39) |
| Notional non-cash interest accretion ^(a) | (24) | (30) |
| Guarantee and other finance fees | (13) | (17) |
| | ----- | ----- |
| | (65) | (86) |
| Less: Amounts capitalised on qualifying assets | 5 | 4 |
| | ----- | ----- |
| | (60) | (82) |
| | ----- | ----- |
| Interest and other finance costs, net | <u>(51)</u> | <u>(71)</u> |

- (a) 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 | | | | | |
|-------------------|--------------------------------------|---------------------------------------|------------------------|--------------------------------------|---------------------------------------|------------------------|
| | 2015 | | | 2014 | | |
| | Current taxation HK\$ millions | Deferred taxation HK\$ millions | Total HK\$ millions | Current taxation HK\$ millions | Deferred taxation HK\$ millions | Total HK\$ millions |
| Hong Kong | 1 | 113 | 114 | - | 72 | 72 |
| Outside Hong Kong | 5 | 1 | 6 | 9 | 1 | 10 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 6 | 114 | 120 | 9 | 73 | 82 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2014: 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.

Deferred taxation has been provided at the relevant rates on timing differences.

8 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK\$508 million (30 June 2014: HK\$323 million) and on the weighted average number of 4,818,896,208 (30 June 2014: Same) ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 30 June 2015 is calculated by adjusting the weighted average number of 4,818,896,208 (30 June 2014: Same) ordinary shares in issue with the weighted average number of 142,693 (30 June 2014: 128,058) ordinary shares deemed to be issued assuming the exercise of the share options.

9 Dividends

| | Six months ended 30 June | |
|---------------------------------------|--------------------------|-------------|
| | 2015 | 2014 |
| Interim dividend (HK\$ millions) | <u>251</u> | <u>205</u> |
| Interim dividend per share (HK cents) | <u>5.20</u> | <u>4.25</u> |

In addition, final dividend in respect of year 2014 of 8.70 HK cents per share (30 June 2014: 8.00 HK cents per share) totalling HK\$419 million (30 June 2014: HK\$386 million) was approved and paid during the six months ended 30 June 2015.

10 Cash and cash equivalents

| | 30 June 2015 HK\$ millions | 31 December 2014 HK\$ millions |
|---------------------------|----------------------------------|--------------------------------------|
| Cash at banks and in hand | 193 | 117 |
| Short-term bank deposits | 954 | 242 |
| | <u>1,147</u> | <u>359</u> |

The carrying values of cash and cash equivalents approximate their fair values.

11 Trade receivables and other current assets

| | 30 June 2015 HK\$ millions | 31 December 2014 HK\$ millions |
|--|----------------------------------|--------------------------------------|
| Trade receivables | 1,657 | 1,756 |
| Less: Provision for doubtful debts | (158) | (155) |
| | <u>1,499</u> | <u>1,601</u> |
| Trade receivables, net of provision ^(a) | 1,499 | 1,601 |
| Other receivables | 137 | 120 |
| Prepayments and deposits | 222 | 171 |
| | <u>1,858</u> | <u>1,892</u> |

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

(a) Trade receivables, net of provision

| | 30 June 2015 HK\$ millions | 31 December 2014 HK\$ millions |
|--|----------------------------------|--------------------------------------|
| The ageing analysis of trade receivables, net of provision for doubtful debts is as follows: | | |
| 0 - 30 days | 1,014 | 958 |
| 31 - 60 days | 193 | 220 |
| 61 - 90 days | 98 | 105 |
| Over 90 days | 194 | 318 |
| | <u>1,499</u> | <u>1,601</u> |

12 Trade and other payables

| | 30 June 2015 HK\$ millions | 31 December 2014 HK\$ millions |
|---|----------------------------------|--------------------------------------|
| Trade payables ^(a) | 949 | 714 |
| Other payables and accruals | 2,172 | 2,255 |
| Deferred revenue | 760 | 805 |
| Current portion of licence fees liabilities | 190 | 182 |
| | <u>4,071</u> | <u>3,956</u> |

The carrying values of trade and other payables approximate their fair values.

(a) Trade payables

| | 30 June 2015 HK\$ millions | 31 December 2014 HK\$ millions |
|--|----------------------------------|--------------------------------------|
| The ageing analysis of trade payables is as follows: | | |
| 0 - 30 days | 641 | 388 |
| 31 - 60 days | 68 | 48 |
| 61 - 90 days | 43 | 39 |
| Over 90 days | 197 | 239 |
| | <u>949</u> | <u>714</u> |

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 uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and managing the assets and liabilities of the Group. It is the policy of the Group not to enter into derivative transactions for speculative purposes. It is also the policy of the Group not to invest liquidity in financial products, including 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 which are at floating rates. 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 principally in Hong Kong, with transactions denominated in Hong Kong dollars. The Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currency. The Group is exposed to other currency movements, primarily in terms of certain trade receivables or payables and bank deposits denominated in United States dollars, Macau Patacas, Renminbi, Euros and British pounds.

Credit exposure

The Group operates a central cash-management system for all subsidiaries. The Group's holding of surplus funds are managed in a prudent manner, usually in the form of deposits with banks or financial institutions, which exposes the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share prices movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by management.

Liquidity and Capital Resources

The Group is financed by share capital, internally-generated funds and external borrowings. As at 30 June 2015, the Group recorded share capital of HK\$1,205 million and total equity of HK\$11,890 million.

The cash and cash equivalents amounted to HK\$1,147 million as at 30 June 2015 (31 December 2014: HK\$359 million), 86% of which were denominated in Hong Kong dollars, 5% in United States dollars, 4% in Macau Patacas with remaining in various other currencies. As at 30 June 2015, the Group had bank borrowings of HK\$3,957 million (31 December 2014: HK\$3,952 million) which were denominated in Hong Kong dollars and repayable in November 2019. The gearing ratio, calculated by dividing net debt by net total capital, was 19% (31 December 2014: 23%) as at 30 June 2015, while the net debt to EBITDA was 1.0 time (31 December 2014: 1.3 times) as a result of better operating cashflow.

Cash Flows

The Group maintains a healthy financial position, benefiting from solid operating cash inflows. During the six months ended 30 June 2015, net cash generated from operating activities and used in investing activities of the Group amounted to HK\$1,634 million (30 June 2014: HK\$1,302 million) and HK\$418 million (30 June 2014: HK\$329 million) respectively. Other than operating activities, major net outflow of funds under investing and financing activities during the period included payments for capital expenditure, payments relating to investments in joint ventures and dividends.

Charges on Group Assets

As at 30 June 2015, same as prior period, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

Capital Expenditure

Capital expenditure on property, plant and equipment for the first six months of 2015 was HK\$353 million (30 June 2014: HK\$420 million), of which the mobile and fixed-line businesses accounted for HK\$160 million (30 June 2014: HK\$220 million) and HK\$193 million (30 June 2014: HK\$200 million) respectively, reflecting the continued disciplined investment in network modernisation and expansion to support long-term business growth while implementing operating efficiency management.

Contingent Liabilities

As at 30 June 2015, the Group had contingent liabilities in respect of performance guarantees and financial guarantees amounting to HK\$522 million (31 December 2014: HK\$520 million). Included in these contingent liabilities were mainly performance bonds issued to the Office of the Communications Authority of Hong Kong in respect of the spectrum licence obligations.

Commitments

As at 30 June 2015, the Group had total capital commitments of property, plant and equipment and investments in joint ventures amounting to HK\$1,125 million (31 December 2014: HK\$1,568 million) and telecommunications licences of HK\$1,777 million (31 December 2014: HK\$1,777 million).

As at 30 June 2015, the Group had total operating lease commitments amounting to HK\$624 million (31 December 2014: HK\$760 million).

A subsidiary of the Group has acquired various blocks of spectrum bands for the provision of telecommunications services in Hong Kong, certain of which over various assignment periods up to year 2021 and variable licence fees are payable on those spectrum bands based on 5% of the network turnover or the Appropriate Fee (as defined in the Unified Carrier Licence) in respect of the relevant year whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fee liabilities.

Corporate Strategy

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for shareholders. Please refer to the Chairman's Statement and Management Discussion and Analysis for discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Human Resources

As at 30 June 2015, the Group employed 2,150 (31 December 2014: 1,909) full-time staff members. Staff costs during the six months ended 30 June 2015, including directors' emoluments, totalled HK\$386 million (30 June 2014: HK\$361 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 and 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. It delivers quality products and services to its customers by managing its businesses prudently, while executing management decisions with due care and attention. The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment helps strengthen its relationship with the community. Operating as a sound corporate citizen via sponsorship and supporting socially-responsible projects at company level, the Group is committed to bringing positive impact to the general welfare of the community.

Review of Interim Financial Report

The unaudited condensed consolidated financial report of the Group for the six months ended 30 June 2015 has 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 will be included in the Interim Report to shareholders. The unaudited condensed consolidated financial report of the Group for the six months ended 30 June 2015 has also been reviewed by the Audit Committee of the Company.

Record Date for Interim Dividend

The record date for the purpose of determining shareholders’ entitlement to the interim dividend is Monday, 31 August 2015.

In order to qualify for the entitlement to the interim dividend payable on Wednesday, 9 September 2015, 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 Monday, 31 August 2015.

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

During the six months ended 30 June 2015, 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.

Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the six months ended 30 June 2015 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), other than those in respect of the 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 as well as the appointment of any new Director, as and when appropriate. 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 responsible for reviewing the succession plan for Directors, including the Chairman of the Board and the Chief Executive Officer & Group Managing Director.

Compliance with the Model Code for Securities Transactions by Directors of the Company

The Board has adopted its own Model Code for Securities Transactions by Directors (the “HTHKH Securities Code”) regulating Directors’ dealings in securities (Group and otherwise), on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout the six months ended 30 June 2015.

As at the date of this announcement, the Directors of the Company are:

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning
(also Alternate to
Mrs CHOW WOO Mo Fong, Susan)

Deputy Chairman and Non-executive Director:

Mr LUI Dennis Pok Man

Executive Director:

Mr WONG King Fai, Peter

Non-executive Directors:

Mrs CHOW WOO Mo Fong, Susan
Mr Frank John SIXT
Mr LAI Kai Ming, Dominic
(also Alternate to Mr Frank John SIXT)
Mr MA Lai Chee, Gerald
(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Mr CHEONG Ying Chew, Henry
(also Alternate to
Dr WONG Yick Ming, Rosanna)
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna