THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in Hutchison Telecommunications Hong Kong Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

VERY SUBSTANTIAL DISPOSAL RELATING TO THE SALE OF HUTCHISON GLOBAL COMMUNICATIONS INVESTMENT HOLDING LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice convening the extraordinary general meeting of Hutchison Telecommunications Hong Kong Holdings Limited to be held at The Grand Salon, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 7 September 2017 at 3:00 pm (or, in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 12:00 noon on that day, at the same time and place on Friday, 8 September 2017) or any adjournment thereof at which the above transaction will be considered is set out on pages N-1 and N-2 of this circular. Irrespective of whether you are able to attend the meeting, please complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong no less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

21 August 2017

CONTENTS

In this circular, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

"2016 Leased Lines Letter"	the letter agreement entered into between HTCL and HGC HK in respect of the provision of certain leased lines with effect from 1 January 2016
"ADS(s)"	American depository share(s) issued by the depositary, namely Citibank, N.A., each representing ownership of 15 Shares
"affiliate"	in relation to any party, any subsidiary or parent company of that party and any subsidiary of any such parent company
"Board"	the board of Directors
"business day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks are open in Hong Kong for general commercial business
"Capex Spend"	in relation to each member of the HGC Group, the aggregate of all liabilities incurred during the period from 1 July 2017 to the Closing Statement Date to the extent that they relate to certain capital expenditure projects discharged, whether by payment of cash in the ordinary course of business by that member of the HGC Group
"Cash"	the HGC Group's consolidated cash and cash equivalents, including all interest accrued thereon, as at the Closing Statement Date (but excluding all amounts/items included in the calculation of Working Capital)
"CKH Group"	CKH Holdings and its subsidiaries
"CKH Holdings"	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1) and the controlling shareholder of the Company
"close associate(s)"	has the meaning ascribed to it in the Listing Rules
"Closing"	completion of the Transaction in accordance with the provisions of the Sale and Purchase Agreement

"Closing Business Day"	a day (other than a Saturday or Sunday or public holiday in Hong Kong and New York and any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) on which banks are open in Hong Kong and New York for general commercial business
"Closing Date"	the date on which Closing occurs
"Closing Statement"	a statement showing the External Debt, Cash, Working Capital, Capex Spend and Target Capex Spend for the HGC Group as at the Closing Statement Date
"Closing Statement Date"	the last calendar day of the month prior to the month in which the Closing Date falls
"Company"	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 215) and whose ADSs are eligible for trading in the United States of America only in the over-the-counter market
"connected person"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the consideration for the Transaction
"Customer Entities"	CKH Holdings and its subsidiaries and joint ventures and Cheung Kong Property Holdings Limited and its subsidiaries and joint ventures, but excluding all members of the Group
"Data Centre Facility"	a dedicated physical location with fixed-line connectivity and power supply for the location of computer servers for commercial purposes
"Data Centre Service"	any leasing or sale of access to rack and other storage space in a Data Centre Facility
"Director(s)"	the director(s) of the Company
"EBITDA"	earnings before interest and other finance income, interest and other finance costs, taxation, depreciation and amortisation, and share of results of joint ventures
"EGM"	the extraordinary general meeting of the Company to be held on Thursday, 7 September 2017 at 3:00 pm at The Grand Salon, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong (or, in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 12:00 noon on that day, at the same time and place on Friday, 8 September 2017) for Shareholders to consider and, if thought fit, approve the Transaction and the transactions contemplated under the Transaction Documents

"External Debt"	(a) the consolidated financial debt owed by the HGC Group as at the Closing Statement Date (together with any accrued interest) to any third party and is not an amount or item included in the calculation of the Working Capital and (b) certain other agreed debt-like items
"Group" or "Group Companies"	the Company and its subsidiaries
"HGC"	Hutchison Global Communications Investment Holding Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
"HGC Group"	HGC and its subsidiaries
"HGC HK"	Hutchison Global Communications Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"HIBOR"	Hong Kong Interbank Offered Rate
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HTCL"	Hutchison Telephone Company Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Company
"HTHK"	Hutchison Telecommunications (Hong Kong) Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Company
"HTSL"	Hutchison Telecommunication Services Limited, a company incorporated in Hong Kong and an indirect subsidiary of the Company
"HWL"	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares were previously listed on the Main Board of the Stock Exchange (Stock Code: 13) and was privatised by way of a scheme of arrangement on 3 June 2015
"HWL Group"	HWL and its subsidiaries
"Latest Practicable Date"	14 August 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Leased Lines Extension Letter"	the letter agreement between HGC HK and HTCL to be entered into on Closing relating to the 2016 Leased Lines Letter

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Marketing Service Agreement"	the Marketing Service Agreement to be entered into between HTSL, HTHK and HGC HK on Closing relating to the provision of certain marketing and promotion services by HTSL to HGC HK
"Mobile Business"	(a) any services provided on or through a mobile telecommunications platform, network or terminal device, including any wholesale voice or data services that can be delivered over a mobile platform or network using a recognised international mobile telecommunications standard, mobile internet, Wi-Fi services delivered over a mobile terminal device, mobile VOIP and all over-the-top mobile data services, and (b) any other trade or business which is carried on at Closing by any member of the Group (other than by a member of the HGC Group), including the provision of any back-office functions supporting such trade or business
"Purchase Offer Process"	the prescribed process under which, as soon as reasonable practicable after a Restricted Party enters into definitive documents in respect of the acquisition of a Relevant Interest, the Company is required to ensure that it (or the relevant Restricted Party) shall offer in writing the securities, shares or partnership interests in such company or partnership to which the Relevant Interest relates to the Purchaser (or a member of the Purchaser Group) at a price and on terms which are no less favourable to the Purchaser than the price and terms (including costs of acquisition) on which the Restricted Party acquired the Relevant Interest
"Purchaser"	Asia Cube Global Communications Limited, a company incorporated in the Cayman Islands with limited liability
"Purchaser Group"	the Purchaser and its affiliates from time to time, which from Closing includes the HGC Group
"Relevant Interest"	10% or more but less than 20% of the securities, shares or partnership interests of a company or partnership that operates a business which is subject to the restrictive covenant under the Sale and Purchase Agreement
"Remaining Group"	the Group (excluding the HGC Group)
"Sale and Purchase Agreement"	the agreement dated 29 July 2017 entered into between the Company and the Purchaser relating to the sale and purchase of HGC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	the holders of Shares
"Shares"	ordinary shares in the capital of the Company with a nominal value of HK$0.25 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Capex Spend"	the target amount of the Capex Spend for the HGC Group as at the Closing Statement Date as calculated in accordance with the Sale and Purchase Agreement
"Transaction"	the proposed disposal by the Company of the entire issued share capital of HGC, together with an associated shareholder loan, to the Purchaser in accordance with the provisions of the Sale and Purchase Agreement
"Transaction Documents"	the Sale and Purchase Agreement and the agreements to be entered into pursuant thereto (including the Marketing Service Agreement)
"Working Capital"	the working capital of the HGC Group as at the Closing Statement Date, including trade creditors and debtors, inter-company trading debt and interest payable or receivable accrued as at the Closing Statement Date

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)

Directors:
FOK Kin Ning, Canning, *Chairman and Non-executive Director*
LUI Dennis Pok Man, *Deputy Chairman and Non-executive Director*
WOO Chiu Man, Cliff, *Executive Director*
LAI Kai Ming, Dominic, *Non-executive Director*
(also Alternate to FOK Kin Ning, Canning and Edith SHIH)
Edith SHIH, *Non-executive Director*
MA Lai Chee, Gerald
(Alternate to LAI Kai Ming, Dominic)
CHEONG Ying Chew, Henry, *Independent Non-executive Director*
(also Alternate to WONG Yick Ming, Rosanna)
LAN Hong Tsung, David, *Independent Non-executive Director*
WONG Yick Ming, Rosanna, *Independent Non-executive Director*

Registered office:
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

Head office and principal place of business:
22nd Floor
Hutchison House
10 Harcourt Road
Hong Kong

21 August 2017

Dear Shareholder(s)

**VERY SUBSTANTIAL DISPOSAL
RELATING TO THE SALE OF
HUTCHISON GLOBAL COMMUNICATIONS
INVESTMENT HOLDING LIMITED**

NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The Board refers to the announcement made by the Company on 30 July 2017 relating to the Transaction.

The purpose of this circular is (a) to provide you with further information in relation to the Transaction and the transactions contemplated under the Transaction Documents, and (b) to give you notice of the EGM at which an ordinary resolution will be proposed to approve the Transaction and the transactions contemplated under the Transaction Documents.

Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C. have been appointed as the financial advisers to advise the Company on the Transaction.

2. SALE AND PURCHASE AGREEMENT

On 29 July 2017, the Company (as seller) and Asia Cube Global Communications Limited (as purchaser) entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell its entire interest in HGC, which holds the Group's fixed-line telecommunications business, together with an associated shareholder loan, to the Purchaser.

The principal terms of the Sale and Purchase Agreement are set out below.

(a) Consideration

The Consideration was determined after negotiation on an arm's length basis with reference to the business prospects and financial performance of the HGC Group. The HGC Group had revenues for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 of HK$3,973 million, HK$4,127 million and HK$2,167 million, respectively, and EBITDA of HK$1,220 million, HK$1,200 million and HK$656 million, respectively.

The Consideration to be paid at Closing will be an amount equal to HK$14,497 million in cash (the "**Estimated Price**") and will be adjusted following Closing to take account of External Debt, Cash, Working Capital and Capex Spend as at the Closing Statement Date.

Within 45 days after Closing, the Company will prepare and deliver to the Purchaser a draft Closing Statement showing the External Debt, the Cash, the Working Capital, the Capex Spend and the Target Capex Spend for the HGC Group as at the Closing Statement Date.

The Purchaser will notify the Company within 30 days after its receipt of the Closing Statement whether or not it accepts the draft Closing Statement. If the Purchaser does not accept the draft Closing Statement, the Company and the Purchaser will use all reasonable efforts to agree the adjustments (if any) to be made to the draft Closing Statement and, failing which, the matters in dispute will be referred to an independent accounting firm in Hong Kong for determination.

When the Closing Statement has been finally agreed or determined, the Estimated Price will be adjusted as follows:

(i) in relation to Working Capital, (A) if the consolidated Working Capital is greater than the estimate of that amount used to calculate the Estimated Price, the Purchaser will pay an amount equal to the difference to the Company, and (B) if the consolidated Working Capital is less than the estimate of that amount used to calculate the Estimated Price, the Company will pay an amount equal to the difference to the Purchaser;

(ii) in relation to External Debt, (A) if the consolidated External Debt is less than the estimate of that amount used to calculate the Estimated Price, the Purchaser will pay an amount equal to the difference to the Company, and (B) if the consolidated External Debt is greater than the estimate of that amount used to calculate the Estimated Price, the Company will pay an amount equal to the difference to the Purchaser;

(iii) in relation to Cash, (A) if the consolidated Cash is greater than the estimate of that amount used to calculate the Estimated Price, the Purchaser will pay an amount equal to the difference to the Company, and (B) if the consolidated Cash is less than the estimate of that amount used to calculate the Estimated Price, the Company will pay an amount equal to the difference to the Purchaser; and

(iv) in relation to Capex Spend, (A) if the consolidated Capex Spend is greater than the Target Capex Spend, the Purchaser will pay an amount equal to the difference to the Company, and (B) if the consolidated Capex Spend is less than the Target Capex Spend, the Company will pay an amount equal to the difference to the Purchaser.

Any amounts payable pursuant to paragraphs (i) to (iv) above will be increased by an amount equivalent to interest at HIBOR plus 1.22% on such amount for the period from (but excluding) the Closing Statement Date to (and including) the due date for payment of such amount.

The Company will make an announcement when the Consideration has been determined.

(b) Condition to Closing

Closing of the Transaction is conditional on the Transaction having been approved by the Shareholders in accordance with the requirements of Chapter 14 of the Listing Rules (the "**Condition**"). The Condition cannot be waived by the Company or the Purchaser.

If the Condition is not fulfilled on or before the date falling six months after the date of the Sale and Purchase Agreement (or such other date as may be agreed by the Company and the Purchaser), either the Company or the Purchaser may rescind the Sale and Purchase Agreement and the Transaction will be terminated.

Please see the paragraph headed "12. Voting Undertaking" below for details of the voting undertaking given by CKH Holdings.

(c) Closing

Closing of the Transaction will take place on the first Closing Business Day of the month following the month in which the Condition has been fulfilled (or, if the date on which the Condition has been fulfilled is less than 15 business days before that first business day, Closing will take place on the first Closing Business Day of the next following month).

Subject to the fulfilment of the Condition, Closing is expected to take place in or around October 2017.

(d) Termination

The Sale and Purchase Agreement may be terminated in the following circumstances:

(i) if there is a breach of certain title warranties or a material breach of certain fundamental warranties set out in the Sale and Purchase Agreement prior to Closing and the relevant breach is not remedied within the earlier of (A) 20 business days of the Purchaser becoming aware of such breach, and (B) the Closing Date; or

(ii) if the Company or the Purchaser fails to comply with any material obligations on Closing.

(e) Certain Other Terms

In connection with the Transaction, the Company and the Purchaser have agreed to the following:

(i) Employees

It is intended that certain employees of the Group which are engaged in providing services to the HGC Group (the "**transferring employees**") will be transferred to, and will be offered employment by, the Purchaser (or its designated company) with effect from either the Closing Date or the end of the transitional services period (or such earlier date agreed between the Company and the Purchaser).

The Purchaser has agreed that the HGC Group will, for a minimum period of 12 months following Closing, continue to employ all employees and the transferring employees on terms which are substantially similar to and (viewed overall) are no less favourable than such employees' terms of employment immediately prior to the Closing Date.

(ii) Branding

The Company will procure the transfer to HGC of its rights in the "HGC" name and mark.

As soon as reasonably practicable after the Closing Date, and in any event within no later than 12 months of the date of Closing (with a shorter time period for certain names and marks), the Purchaser will procure that the HGC Group companies will remove any reference to "Hutchison", "Hutchison Global Communications", "和記" or "和记", "CKHH", the logo, the logo, "three" and "3", among other marks (the "**restricted names and logos**") and to cease the use of any advertising, marketing or promotional materials that contain any of the restricted names and logos.

The Company will grant HGC a short term transitional trade mark licence to permit the use of the restricted names and logos within the (up to) 12-month transitional period. The Purchaser also undertakes to procure that applications are made to change the names of all companies in the HGC Group that contain "Hutchison", "和記" or "和记" within no later than six months of Closing. The Company will permit the HGC Group to continue to use the formal company names for formal purposes until the names have been changed.

The Company will also procure the assignment to the HGC Group of certain other trade marks that are currently used by the HGC business.

(iii) Transitional Services

HTHK (a subsidiary of the Company) will provide certain transitional services to the HGC Group for a maximum period of 12 months after Closing (with a shorter time period for certain services), unless the Company agrees to extend the period, and will work with the HGC Group in respect of the implementation of their separation of the HGC Group business and the migration of IT systems.

The transitional services to be provided are in the areas of administration and corporate services, information technology, certain back-office customer operation services, sales and marketing and the use of certain shared premises.

(iv) Inter-company Loans

The Company has agreed to procure that all inter-company loans (inclusive of any accrued interest) owed by the HGC Group to the Group will be novated to HGC and the Company prior to Closing, such that, upon such novation taking effect, all inter-company loans are owed by HGC to the Company. Following the completion of such novation, the outstanding principal and accrued but unpaid interest shall constitute the shareholder loan that will be transferred by the Company to the Purchaser on Closing pursuant to the Sale and Purchase Agreement.

(v) Restrictive Covenant

The Company has agreed that, subject to certain exceptions (including those set out below), for a period of 36 months after the Closing Date, it will ensure that neither it nor any member of the Group (each a "**Restricted Party**") will, or will own securities, shares or partnership interests in any company or partnership that will:

(A) establish, maintain or operate any:

(1) fixed-line telecommunications network or services in Hong Kong, save as otherwise permitted under the Marketing Service Agreement or as permitted under the relevant provisions of the Sale and Purchase Agreement; or

(2) Wi-Fi network or services in Hong Kong, other than wireless local area network or services for (I) its own internal use, or (II) to facilitate or support the provision of another service (which itself is not a Wi-Fi service) to a third party, another Restricted Party or the CKH Group (excluding the Company and each member of the Group) (the "**CKHH Restricted Party**"),

but in each case excluding any Mobile Business;

(B) operate any Data Centre Facility in Hong Kong, other than for (1) its own internal use, or (2) to facilitate or support the provision of another service (which itself is not a Data Centre Service) to a third party, another Restricted Party or a CKHH Restricted Party, including through the storage and processing of the data of a third party, another Restricted Party or a CKHH Restricted Party in the course of the provision of the service, and regardless of whether a fee is charged for that downstream service; or

(C) provide any Data Centre Service in Hong Kong, unless such Data Centre Service is provided by a Restricted Party to any other Restricted Party for any of the permitted purposes set out in sub-paragraphs (1) and (2) of paragraph (B) above.

The above restrictive covenant shall not prevent any Restricted Party from:

(A) carrying on or being engaged in any trade or business which is carried on at the date of the Sale and Purchase Agreement by any Restricted Party (other than a member of the HGC Group); or

(B) owning securities, shares or partnership interests in any company or partnership that are (1) less than 10%, or (2) provided that the Purchase Offer Process is complied with, the Relevant Interest, in each case provided that the Restricted Party is not able to control the relevant company or partnership.

The Purchaser may extend the above restrictive covenant by up to two 12-month periods by giving notice to the Company.

The Company has agreed to procure that the CKHH Restricted Party shall comply with the above restrictive covenant, subject to certain additional exceptions in respect of the business of the CKHH Restricted Parties.

The Company has also agreed to a customary non-solicitation restriction in respect of certain key HGC employees for the period of 30 months after the Closing Date.

3. MARKETING SERVICE AGREEMENT AND LEASED LINES ARRANGEMENTS

On Closing, HTSL (a subsidiary of the Company), HTHK (a subsidiary of the Company) and HGC HK (a subsidiary of HGC) will enter into the Marketing Service Agreement pursuant to which HGC HK will appoint HTSL to market and promote the fixed-line business services of HGC HK and its affiliates, comprising local corporate services and international carrier services to the Customer Entities (the "**Marketing Service**"). The term of the Marketing Service Agreement will commence on the Closing Date and end on 31 December 2022 (the "**Term**"). HTHK is a party to the Marketing Service Agreement solely for the purposes of guaranteeing the performance of the obligations of HTSL.

As consideration for HTSL undertaking the Marketing Service, HGC HK will pay HTSL an incentive fee if it achieves in aggregate more than certain agreed minimum service revenues from Customer Entities. Conversely, if the aggregate service revenue payable by the Customer Entities is less than the specified minimum service revenue, HTSL will pay to HGC HK a specified percentage of the difference. The minimum service revenues will be adjusted downwards if HGC HK is unable to, or declines to, fulfil the Customer Entities' coverage and service level requirements or fails to provide the relevant service such that the Customer Entities terminate the relevant service arrangements or a service credit, credit voucher, purchase discount or reduction in pricing is provided or agreed in respect of the breach. The assessment against the minimum service revenues is made at the end of years two, four and five under the Marketing Service Agreement in respect of the previous period. The Group does not take the credit risk for non-payment by Customer Entities under their own services arrangements with HGC HK and its affiliates.

HTSL will also grant to HGC HK and its affiliates an exclusive right to provide local carrier services, local corporate services and international carrier services (the "**Services**") to the Group in Hong Kong during the Term. This exclusive right is subject to HGC HK or its affiliates fulfilling the Group's coverage and service level requirements from the start date of its delivery of the Services.

Under the Leased Lines Extension Letter, HTCL has also agreed to certain arrangements in respect of the extension or renewal of the fixed telecommunications lines in Hong Kong that it leases from HGC HK. Namely, that if HTCL or any of its subsidiaries extends or renews a leased line any time before 31 December 2023, the extension or renewal will be for the same duration as the duration of the original lease. However, HTCL and its subsidiaries are not under any obligation to agree to extend or renew any lease.

4. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Directors are of the view that the Transaction and the transactions contemplated under the Transaction Documents are in the interests of the Company and the Shareholders.

The Transaction will enable the Company to focus its resources more effectively on its core business of providing mobile services to its customers. Furthermore, the Company believes the Transaction will create value for Shareholders by unlocking the value of HGC, which has not been fully reflected in the Company's share price in recent years. Through the Transaction, the Company will receive substantial proceeds, which will enable the Company to continue to invest and strengthen its leading market position in the mobile business, while maintaining a strong financial profile. HGC will remain a key supplier of fixed-line services to the Company, and the two companies intend to maintain a cooperative commercial relationship following the completion of the Transaction.

The Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. FINANCIAL EFFECTS OF THE TRANSACTION

As at 30 June 2017, the unaudited consolidated total assets and total liabilities of the Group were approximately HK$21,360 million and HK$9,348 million, respectively. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, assuming the Transaction had been completed on 30 June 2017, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately HK$25,112 million and HK$7,193 million, respectively.

For the year ended 31 December 2016, the Group recorded an audited profit for the year of approximately HK$773 million. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, assuming the Transaction had been completed on 1 January 2016, the unaudited pro forma consolidated profit of the Remaining Group for the year ended 31 December 2016 would be approximately HK$6,603 million.

On Closing, the Company is expected to realise a profit on the disposal of the HGC Group of approximately HK$5,750 million. The estimated profit is calculated by reference to the estimated net asset value of the HGC Group as at the Closing Statement Date and assuming the inter-company loans owed by the HGC Group to the Group would be novated to HGC and the Company prior to Closing.

The actual financial impact to the Remaining Group arising from the Transaction to be recorded in the consolidated financial statements of the Remaining Group will also take into account the External Debt, Cash, Working Capital and Capex Spend of the HGC Group as at the Closing Statement Date.

6. USE OF PROCEEDS FROM THE TRANSACTION

The Company intends to use the proceeds from the Transaction for its general working capital purposes and investment in the mobile business.

7. INFORMATION ABOUT THE HGC GROUP

The HGC Group is a leading fixed-line operator, IT service provider, carrier's carrier and one of Hong Kong's largest-scale Wi-Fi service providers. It empowers local and overseas customers with one-stop international, corporate, data centre and residential broadband services. It owns and runs an extensive optical-fibre network, coupled with four cross-border routes integrated with three of mainland China's tier-one telecoms operators, plus a world-class international network. The HGC Group is committed to developing cloud computing services and offering high-speed Wi-Fi service.

The audited net asset value of the HGC Group as at 31 December 2016 was approximately HK$3,584 million.

The audited consolidated profit before tax and after tax of the HGC Group for each of the years ended 31 December 2015 and 2016 are as follows:

	Year ended 31 December	
HK$ millions	**2015**	**2016**
Profit before tax	479	478
Profit after tax	401	401

Please refer to Appendices IIA and IIB of this circular for further financial information in relation to the HGC Group.

8. INFORMATION ABOUT THE GROUP AND THE REMAINING GROUP

The Company is an established telecommunications operator of mobile, fixed-line and Wi-Fi networks. Advanced mobile telecommunications services are provided in Hong Kong and Macau under the 3 brand, while fixed-line residential broadband, telephone and IDD services are offered in Hong Kong as part of the 3Home Broadband portfolio. The Group also provides local and international customers with sophisticated fixed-line services, corporate solutions, data centre capabilities, cloud computing and high-speed Wi-Fi services under the HGC brand.

Please refer to Appendix I of this circular for further financial information in relation to the Group.

Following Closing, the HGC Group will cease to be subsidiaries of the Group and the profit and loss and the assets and liabilities of the HGC Group will no longer be consolidated into the Group's consolidated financial statements. The Remaining Group will focus on its mobile business.

Please refer to Appendix I of this circular for further financial information in relation to the Remaining Group and Appendix III of this circular for the unaudited pro forma financial information of the Remaining Group.

9. INFORMATION ABOUT THE PURCHASER

The Purchaser, Asia Cube Global Communications Limited, is a company wholly-owned by a fund managed by I Squared Capital. I Squared Capital is an independent global infrastructure investment manager focusing on energy, utilities, and transport in the Americas, Europe, and select high growth economies. I Squared Capital has offices in New York, Houston, London, New Delhi, Hong Kong and Singapore.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

10. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 75%, the Transaction constitutes a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

11. EXTRAORDINARY GENERAL MEETING

The notice of the EGM is set out on pages N-1 and N-2 of this circular. The form of proxy for use at the EGM is enclosed. Irrespective of whether you are able to attend the meeting, please complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong no less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

All Shareholders who have a material interest (which is different from that of all other Shareholders) in the Transaction and the transactions contemplated under the Transaction Documents, and their close associates, will be required to abstain from voting on the resolution to approve the Transaction and the transactions contemplated under the Transaction Documents at the EGM. As far as the Directors are aware, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution referred to above at the EGM.

12. VOTING UNDERTAKING

CKH Holdings, through its wholly-owned subsidiaries, has an interest in approximately 66.09% of the issued Shares as at the Latest Practicable Date (the "**Relevant Shares**"). CKH Holdings has undertaken to the Company to procure that the voting rights attaching to the Relevant Shares will be voted in favour of the resolution referred to above at the EGM.

13. RECOMMENDATION

Having taken into account the reasons for, and benefits of, the Transaction as set out above and the terms of the Transaction, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction and the transactions contemplated under the Transaction Documents.

14. GENERAL

Shareholders and potential investors of the Company should note that the Transaction is subject to the approval of the Shareholders and the Sale and Purchase Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Transaction will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
By Order of the Board

FOK Kin Ning, Canning
Chairman

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016 AND THE SIX MONTHS ENDED 30 JUNE 2017

Financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hthkh.com) and can be accessed at the website addresses below:

(a) annual report of the Company for the year ended 31 December 2014 (http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0326/LTN20150326682.pdf);

(b) annual report of the Company for the year ended 31 December 2015 (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0331/LTN20160331739.pdf);

(c) annual report of the Company for the year ended 31 December 2016 (http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0330/LTN20170330623.pdf); and

(d) interim report of the Company for the six months ended 30 June 2017 (http://www.hkexnews.hk/listedco/listconews/sehk/2017/0811/LTN20170811604.pdf).

2. INDEBTEDNESS

As at 30 June 2017, being the latest practicable date for the purpose of this statement of indebtedness, the Group had the following outstanding indebtedness:

(a) Borrowings

As at 30 June 2017, the Group had total unsecured bank borrowings of HK$4,874 million.

(b) Pledge of Assets

As at 30 June 2017, the Group had pledged all of its shares of a joint venture as security in favour of the joint venture partner under a cross share pledge arrangement.

(c) Contingent Liabilities

As at 30 June 2017, the Group provided performance and other guarantees of HK$486 million.

Save as disclosed above and apart from intra-group liabilities and guarantees and normal trade payables, as at 30 June 2017, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness or acceptance credits or hire purchase commitments or any guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds, available facilities from banks and the net proceeds from the Transaction, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

On completion of the Transaction, the Group will cease to be engaged in the fixed-line telecommunications business. The Group will continue to engage in its mobile telecommunications business in Hong Kong and Macau under the "3" brand.

5. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company have been made up.

6. FURTHER FINANCIAL INFORMATION ON THE REMAINING GROUP

(a) Capital and Net Debt

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Remaining Group recorded share capital of HK$1,205 million while total equity was HK$7,904 million, HK$8,563 million, HK$8,572 million and HK$8,317 million, respectively.

As at 31 December 2014, (a) the cash and cash equivalents of the Remaining Group amounted to HK$259 million, 81% of which were denominated in Hong Kong dollars, 9% in Macau Patacas, with the remaining in various other currencies; (b) the carrying amount of bank borrowings of the Remaining Group amounted to HK$3,952 million, which were denominated in Hong Kong dollars and repayable in the fourth quarter of 2019; (c) the consolidated net debt of the Remaining Group was HK$3,693 million; and (d) the net debt to net total capital ratio of the Remaining Group was 32%.

As at 31 December 2015, (a) the cash and cash equivalents of the Remaining Group amounted to HK$814 million, 80% of which were denominated in Hong Kong dollars, 17% in Macau Patacas, with the remaining in various other currencies; (b) the carrying amount of bank borrowings of the Remaining Group amounted to HK$3,962 million, which were denominated in Hong Kong dollars and repayable in the fourth quarter of 2019; (c) the consolidated net debt of the Remaining Group was HK$3,148 million; and (d) the net debt to net total capital ratio of the Remaining Group was 27%.

As at 31 December 2016, (a) the cash and cash equivalents of the Remaining Group amounted to HK$98 million, 36% of which were denominated in Hong Kong dollars, 26% in Macau Patacas, with the remaining in various other currencies; (b) the carrying amount of bank borrowings of the Remaining Group amounted to HK$4,467 million, which were denominated in Hong Kong dollars and repayable in the fourth quarter of 2019; (c) the consolidated net debt of the Remaining Group was HK$4,369 million; and (d) the net debt to net total capital ratio of the Remaining Group was 34%.

As at 30 June 2017, (a) the cash and cash equivalents of the Remaining Group amounted to HK$137 million, 62% of which were denominated in Hong Kong dollars, 21% in Macau Patacas, with the remaining in various other currencies; (b) the carrying amount of bank borrowings of the Remaining Group amounted to HK$4,874 million, which were denominated in Hong Kong dollars and repayable in the fourth quarter of 2019; (c) the consolidated net debt of the Remaining Group was HK$4,737 million; and (d) the net debt to net total capital ratio of the Remaining Group was 36%.

(b) Charges on the Remaining Group's Assets

As at 31 December 2014, 2015, 2016 and 30 June 2017, except for all of the shares of a joint venture owned by the Remaining Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Remaining Group was under any charge.

(c) Borrowing Facilities Available

As at 31 December 2014, 2015, 2016 and 30 June 2017, committed borrowing facilities available to the Remaining Group but not drawn amounted to HK$1,000 million, HK$1,000 million, HK$1,500 million and HK$900 million, respectively.

(d) Contingent Liabilities

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Remaining Group provided performance and other guarantees of HK$494 million, HK$305 million, HK$306 million and HK$156 million, respectively.

(e) Commitments

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Remaining Group had total capital commitments of property, plant and equipment amounting to HK$408 million, HK$452 million, HK$485 million and HK$459 million, respectively. As at 31 December 2014 and 2015, the Remaining Group had total capital commitments of telecommunications licences of approximately HK$1,777 million.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Remaining Group had total operating lease commitments for building and other assets amounting to HK$2,667 million, HK$2,300 million, HK$1,921 million and HK$1,878 million, respectively.

A subsidiary of the Remaining Group has acquired various blocks of spectrum bands for the provision of telecommunications services in Hong Kong, certain of which over various assignment years up to year 2021 and variable licence fees are payable on those spectrum bands based on 5% of the network revenue 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.

(f) No Material Acquisitions or Disposals

There were no material acquisitions or disposals of subsidiaries or associated companies by the Remaining Group for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

(g) Human Resources

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Remaining Group employed 962, 1,220, 1,368 and 1,317 full-time staff members, respectively. Staff costs during the year ended 31 December 2014, 2015 and 2016, and the six months ended 30 June 2017, including directors' emoluments, totalled HK$343 million, HK$387 million, HK$501 million and HK$244 million, respectively.

The following is the text of a report set out on pages IIA-1 and IIA-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

Introduction

We report on the historical financial information of Hutchison Global Communications Investment Holding Limited ("**HGC**") and its subsidiaries (together, the "**HGC Group**") set out on pages IIA-3 to IIA-39, which comprises the consolidated and HGC's statement of financial position as at 31 December 2014, 2015 and 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the years then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IIA-3 to IIA-39 forms an integral part of this report, which has been prepared for inclusion in the circular of Hutchison Telecommunications Hong Kong Holdings Limited (the "**Company**") dated 21 August 2017 in connection with the proposed disposal of HGC by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1(a) and 2(a) to the Historical Financial Information, and for such internal control as management determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1(a) and 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of HGC as at 31 December 2014, 2015 and 2016 and the consolidated financial position of the HGC Group as at 31 December 2014, 2015 and 2016 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1(a) and 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page IIA-3 have been made.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2017

I. HISTORICAL FINANCIAL INFORMATION OF THE HGC GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the HGC Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest million (HK$' millions) except when otherwise indicated.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 and 2016

	Note	**2014** HK$ millions	**2015** HK$ millions	**2016** HK$ millions
Revenue	5	4,102	3,973	4,127
Staff costs	6	(391)	(443)	(395)
Customer acquisition costs		(123)	(114)	(112)
Depreciation and amortisation		(701)	(697)	(688)
Other operating expenses	7	(2,336)	(2,196)	(2,420)
		551	523	512
Interest income	8	1	–	–
Interest and other finance costs	8	(25)	(14)	(17)
Share of results of joint ventures	14	(26)	(30)	(17)
Profit before taxation		501	479	478
Taxation	9	(81)	(78)	(77)
Profit for the year attributable to the shareholders of HGC		420	401	401

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 and 2016

	2014 *HK$ millions*	**2015** *HK$ millions*	**2016** *HK$ millions*
Profit for the year	420	401	401
Other comprehensive income			
Item that may be reclassified subsequently to income statement in subsequent periods:			
– Currency translation differences	(4)	(3)	(5)
Total comprehensive income for the year attributable to the shareholders of HGC, net of tax	416	398	396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014, 2015 and 2016

	Note	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
ASSETS				
Non-current assets				
Property, plant and equipment	*11*	6,549	6,462	6,394
Goodwill	*12*	2,348	2,348	2,348
Other non-current assets	*13*	803	680	592
Investments in joint ventures	*14*	–	–	–
Total non-current assets		9,700	9,490	9,334
Current assets				
Cash and cash equivalents	*15*	100	207	139
Trade receivables and other current assets	*16*	953	903	937
Amounts due from fellow subsidiaries	*17*	9	8	7
Total current assets		1,062	1,118	1,083
Current liabilities				
Trade and other payables	*18*	1,571	1,613	1,591
Current income tax liabilities		3	1	2
Dividend payable		350	325	260
Loan from the immediate holding company	*17*	3,599	3,599	3,599
Amount due to the immediate holding company	*17*	151	209	178
Amounts due to fellow subsidiaries	*17*	41	12	25
Total current liabilities		5,715	5,759	5,655

	Note	2014 HK$ millions	2015 HK$ millions	2016 HK$ millions
Non-current liabilities				
Deferred tax liabilities	19	420	496	571
Loans from a fellow subsidiary	20	800	800	580
Provision for other liability	21	22	25	27
Total non-current liabilities		1,242	1,321	1,178
Net assets		3,805	3,528	3,584
CAPITAL AND RESERVES				
Share capital	22	–	–	–
Reserves	23	3,805	3,528	3,584
Total equity		3,805	3,528	3,584

STATEMENT OF FINANCIAL POSITION OF HGC AT 31 DECEMBER 2014, 2015 and 2016

	Note	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
ASSETS				
Non-current asset				
Investments in subsidiaries, at costs	*1(a)*	8,978	6,525	6,525
Total non-current asset		8,978	6,525	6,525
Current asset				
Dividend receivable		–	–	7
Total current asset		–	–	7
Current liabilities				
Dividend payable		350	325	260
Loan from the immediate holding company	*17*	2,745	2,745	2,745
Loan from a subsidiary	*17*	1,606	2,306	2,711
Amount due to the immediate holding company	*17*	60	60	60
Amounts due to subsidiaries	*17*	3,341	7	7
Total current liabilities		8,102	5,443	5,783
Net assets		876	1,082	749
CAPITAL AND RESERVES				
Share capital		–	–	–
Reserves	*30*	876	1,082	749
Total equity		876	1,082	749

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 and 2016

	Attributable to shareholders of HGC					
	Share capital	**Share premium**	**Retained earnings**	**Cumulative translation adjustments**	**Other reserves**	**Total equity**
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
At 1 January 2014	–	3,462	522	(3)	8	3,989
Profit for the year	–	–	420	–	–	420
Other comprehensive income						
Currency translation differences	–	–	–	(4)	–	(4)
Total comprehensive income, net of tax	–	–	420	(4)	–	416
Dividends *(Note 10)*	–	(600)	–	–	–	(600)
At 31 December 2014	–	2,862	942	(7)	8	3,805
At 1 January 2015	–	2,862	942	(7)	8	3,805
Profit for the year	–	–	401	–	–	401
Other comprehensive income						
Currency translation differences	–	–	–	(3)	–	(3)
Total comprehensive income, net of tax	–	–	401	(3)	–	398
Dividends *(Note 10)*	–	(675)	–	–	–	(675)
At 31 December 2015	–	2,187	1,343	(10)	8	3,528

	Attributable to shareholders of HGC					
	Share capital	Share premium	Retained earnings	Cumulative translation adjustments	Other reserves	Total equity
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
At 1 January 2016	–	2,187	1,343	(10)	8	3,528
Profit for the year	–	–	401	–	–	401
Other comprehensive income						
Currency translation differences	–	–	–	(5)	–	(5)
Total comprehensive income, net of tax	–	–	401	(5)	–	396
Dividends *(Note 10)*	–	(340)	–	–	–	(340)
At 31 December 2016	–	1,847	1,744	(15)	8	3,584

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 and 2016

	Note	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Cash flows from operating activities				
Cash generated from operations	*24*	1,093	1,315	1,117
Interest and other finance costs paid		(11)	(14)	(17)
Tax paid		(1)	(4)	(1)
Net cash generated from operating activities		1,081	1,297	1,099
Cash flows from investing activities				
Purchases of property, plant and equipment		(533)	(482)	(507)
Additions to other non-current assets		(40)	(8)	(40)
Proceeds from disposals of property, plant and equipment		–	–	5
Loan repayment from a joint venture		187	–	–
Net cash used in investing activities		(386)	(490)	(542)
Cash flows from financing activities				
Dividends paid to shareholders of HGC	*10*	(534)	(700)	(405)
Loans from a fellow subsidiary		800	–	400
Loans repayment to a fellow subsidiary		–	–	(620)
Proceeds from borrowings		510	–	–
Repayment of borrowings		(1,480)	–	–
Net cash used in financing activities		(704)	(700)	(625)
(Decrease)/increase in cash and cash equivalents		(9)	107	(68)
Cash and cash equivalents at 1 January		109	100	207
Cash and cash equivalents at 31 December	*15*	100	207	139

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Hutchison Global Communications Investment Holding Limited ("**HGC**") is a limited liability company incorporated in the British Virgin Islands (the "**BVI**"). The address of its registered office is P.O. Box 146, Road Town, Tortola, the BVI.

HGC and its subsidiaries (together the "**HGC Group**") are principally engaged in fixed-line telecommunications business in Hong Kong.

(a) Basis of presentation

The Historical Financial Information of the HGC Group include the accounts of HGC and all of its direct and indirect subsidiaries on the basis set out in Note 2(c) below in accordance with IFRS 10 Consolidated Financial Statements and also incorporate the HGC Group's interest in joint ventures on the basis set out in Note 2(d) below. During the Track Record Period, HGC has direct or indirect interests in the following principal subsidiaries, all of which are private companies with limited liabilities, and particulars of which are set out below:

				Effective interest held as at		
Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Particulars of issued share capital/ paid-up capital	31 December 2014	31 December 2015	31 December 2016
Directly held by HGC						
Hutchison Global Communications Investments Limited [2, 6]	The BVI, limited liability company	Investment holding	10,000 ordinary shares of US$1 each	100%	100%	100%
PowerCom Network Hong Kong Limited [2, 6]	The BVI, limited liability company	Dormant	200 ordinary shares of US$1 each	100%	100%	100%
Indirectly held by HGC						
Hutchison Global Communications (Cambodia) Limited [3, 6]	The Kingdom of Cambodia, limited liability company	Support services in the Kingdom of Cambodia	1,000 ordinary shares of KHR4,000 each	100%	100%	100%
Hutchison Global Communications (Guangdong) Limited [4, 7]	The People's Republic of China (the "**PRC**"), limited liability company	Equipment trading in the PRC	RMB5,000,000	100%	100%	100%
Hutchison Global Communications Korea Limited [6]	Republic of Korea, stock company	Support services in Korea	60,000 ordinary shares of KRW5,000 each	100%	100%	100%
Hutchison Global Communications Limited [7]	Hong Kong, limited liability company	Fixed-line telecommunications business in Hong Kong	HK$20	100%	100%	100%
Hutchison Global Communications (Malaysia) Sdn. Bhd. [7]	Malaysia, limited liability company	Telecommunications business and support services in Malaysia	2 ordinary shares of RM1 each	100%	100%	100%
Hutchison Global Communications (Myanmar) Limited [5, 8]	Myanmar, limited liability company	Support services in Myanmar	50,000 ordinary shares of US$1 each	100%	100%	100%

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Particulars of issued share capital/ paid-up capital	Effective interest held as at 31 December 2014	31 December 2015	31 December 2016
Hutchison Global Communications Pte Limited [7]	Singapore, limited liability company	Telecommunications business and support services in Singapore	2 ordinary shares of SG$1 each	100%	100%	100%
Hutchison Global Communications (Taiwan) Limited [6]	Taiwan, limited liability company	Telecommunications business and support services in Taiwan	100,000 ordinary shares of NTD10 each	100%	100%	100%
Hutchison Global Communications (UK) Limited [7]	The United Kingdom, limited liability company	Telecommunications business and support services in the United Kingdom	2 ordinary shares of GBP1 each	100%	100%	100%
Hutchison GlobalCentre Limited [7]	Hong Kong, limited liability company	Data centre business in Hong Kong	HK$2	100%	100%	100%
Hutchison MultiMedia Services Limited [7]	Hong Kong, limited liability company	Internet services in Hong Kong	HK$20	100%	100%	100%
NextGen MultiMedia Limited [6]	The United States of America, limited liability company	Telecommunications business and support services in the United States of America	3,000 ordinary shares of US$0.01 each	100%	100%	100%

1 *Hutchison Global Communications Holdings Limited, formerly a direct wholly owned subsidiary of HGC, was dissolved on 13 October 2015.*

2 *Hutchison Global Communications Investments Limited and PowerCom Network Hong Kong Limited changed from indirect wholly owned subsidiaries to direct wholly owned subsidiaries of HGC on 5 November 2014.*

3 *Hutchison Global Communications (Cambodia) Limited was incorporated on 14 October 2014.*

4 *Wholly owned foreign enterprise (WOFE) registered under PRC law.*

5 *Hutchison Global Communications (Myanmar) Limited was incorporated on 12 November 2014.*

6 *No audited financial statements were issued for these subsidiaries as there is no statutory requirement in its place of incorporation.*

7 *The statutory financial statements of these subsidiaries for the years ended 31 December 2014, 2015 and 2016 were audited by PricewaterhouseCoopers, certified public accountants.*

8 *The statutory financial statements of this subsidiary for the period from 12 November 2014 to 31 March 2015, and for the years ended 31 March 2016 and 2017 were audited by Cho Cho Toe, certified public accountants.*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The Historical Financial Information of the HGC Group has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The Historical Financial Information has been prepared under the historical cost convention. The preparation of the Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the HGC Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

As at 31 December 2016, the current liabilities of the HGC Group exceeded its current assets by approximately HK$4,572 million. Included in the current liabilities were non-refundable customer prepayments of HK$351 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 HGC Group would have been approximately HK$4,221 million. On the date of this circular, Asia Cube Global Communications Limited (the "**Purchaser**") has secured a committed banking facility and upon the completion of the acquisition of the entire interest in HGC by the Purchaser from Hutchison Telecommunications Hong Kong Holdings Limited ("**HTHKH**"), the inter-company loans owed by the HGC Group to HTHKH together with its direct and indirect subsidiaries ("**HTHKH Group**"), primarily comprising of the loan from the immediate holding company, the loans from a fellow subsidiary and an amount due to the immediate holding company, will be substituted by a bank loan, borrowed by the HGC Group, of HK$4,795 million, with maturity in five years after the drawdown of the bank loan. Together with the net cash inflows generated from operating activities, the future funding requirements of the HGC Group are expected to be met. Based on the HGC Group's history of its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the HGC Group to meet its liabilities as and when they fall due. Accordingly, this Historical Financial Information has been prepared on a going concern basis.

(b) New/revised standards and amendments to existing standards that are not yet effective and have not been early adopted by the HGC Group

At the date of approval of this Historical Financial Information, the following new/revised standards and amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2016:

IFRSs (Amendments) *(ii)*	Annual Improvements 2014 – 2016 Cycle
IAS 7 (Amendment) *(i)*	Disclosure Initiative
IAS 12 (Amendment) *(i)*	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 40 (Amendment) *(iii)*	Transfers of Investment Property
IFRS 2 (Amendment) *(iii)*	Classification and Measurement of Share-based Payment Transactions
IFRS 9 (2014) *(iii)*	Financial Instruments
IFRS 10 and IAS 28 *(v)*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 15 *(iii)*	Revenue from Contracts with Customers
IFRS 16 *(iv)*	Leases

(i) Effective for annual periods beginning on or after 1 January 2017

(ii) The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018 and the amendment to IFRS 12 is effective for annual periods beginning on or after 1 January 2017

(iii) Effective for annual periods beginning on or after 1 January 2018

(iv) Effective for annual periods beginning on or after 1 January 2019

(v) No mandatory effective date yet determined but is available for adoption

IFRS 15 will be effective for the HGC Group's financial statements for annual reporting periods beginning on or after 1 January 2018. IFRS 15 will replace all existing IFRS revenue guidance and requirements including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The HGC Group is assessing the impact of IFRS 15. It is currently anticipated that the application of IFRS 15 in the future may impact the disclosure to be made in the HGC Group's financial statements. However, it is not practicable to provide a reasonable estimate of the impact of IFRS 15 as at the date of publication of the Historical Financial Information.

IFRS 16 will be effective for the HGC Group's financial statements for annual reporting periods beginning on or after 1 January 2019. IFRS 16 specifies how an entity to recognise, measure, present and disclose leases. IFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17. The HGC Group is assessing the impact of IFRS 16 and as a result, it is not practicable to provide a reasonable estimate of the impact of IFRS 16 as at the date of publication of the Historical Financial Information.

The adoption of other standards and amendments listed above in future periods is not expected to have any material impact on the HGC Group's results of operation and financial position.

(c) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the HGC Group has control. The HGC Group controls an entity when the HGC Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the HGC Group. They are deconsolidated from the date that control ceases.

The HGC Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the HGC Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the HGC Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed (Note 2(g)). If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the HGC Group.

(ii) HGC's Historical Financial Information

In HGC's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements. The results of subsidiaries are accounted for by the HGC on the basis of dividend received and receivable.

(d) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are accounted for in the Historical Financial Information using the equity method of accounting.

When the HGC Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the HGC Group discontinues recognising its share of further losses. After the HGC Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the HGC Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the HGC Group and its joint ventures are eliminated to the extent of the HGC Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the HGC Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each of the HGC Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in HK$, which is HGC's functional currency and the HGC Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Companies within the HGC Group

The results and financial position of all the entities within the HGC Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income (cumulative translation adjustments).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property, plant and equipment are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives.

Buildings	50 years or over the unexpired period of the lease, whichever is the shorter
Telecommunications infrastructure and network equipment	3 – 35 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	5 – 7 years
Leasehold improvements	Over the unexpired period of the lease or at annual rate of 15%, whichever is the shorter

Subsequent costs on property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the HGC Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to the qualifying assets.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated income statement.

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the HGC Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as a separate asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is included in the HGC Group for the purpose of impairment testing.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash-generating units ("**CGUs**")). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

The HGC Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period which are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the HGC Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the HGC Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(ii) Impairment of financial assets

The HGC Group assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Financial assets are impaired and impairment losses are incurred only if there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. A provision for doubtful debts of trade receivables is established when there is objective evidence that the HGC Group will not be able to collect all amounts due according to the original terms of receivable. The amount of provision is determined based on historical data of payment statistics for aged receivable balances. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement. Changes in the carrying amount of the provision account are recognised in the consolidated income statement.

(j) Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at banks and all demand deposits placed with banks with original maturities of three months or less from the date of placement or acquisition.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts (Note 2(i)(ii)).

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the HGC Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Taxation and deferred taxation

Taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where HGC and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the HGC Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the HGC Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is disclosed in the notes to the Historical Financial Information unless the possibility of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Employee benefits

(i) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

(a) Defined benefit plans

A defined benefit plan defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The current service cost and net interest cost of the defined benefit plan are included in the pension costs in the consolidated income statement.

(b) Defined contribution plans

The HGC Group's contributions to defined contribution plans are charged to the consolidated income statement in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The HGC Group has no further payment obligations once the contributions have been paid.

(ii) *Termination benefits*

Termination benefits are recognised when, and only when, the HGC Group demonstrably committed itself to terminating employment or to providing benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Revenue recognition

The HGC Group recognises revenue on the following bases:

(i) Sales of fixed-line telecommunications services are recognised in the accounting period in which the services are rendered.

(ii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The HGC Group is exposed to market risk (from changes in interest rates and currency exchange rates), credit risk and liquidity risk. Interest rate risk exists with respect to the HGC Group's financial assets and liabilities bearing interest at floating rates. Interest rate risk also exists with respect to the fair value of fixed rate financial assets and liabilities. Exchange rate risk exists with respect to the HGC Group's financial assets and liabilities denominated in a currency that is not the entity's functional currency. No instruments are held by the HGC Group for speculative purposes.

(i) *Foreign currency exposure*

The HGC Group is exposed to foreign exchange risk arising from various currency exposures, primarily with the surplus funds placed with banks as deposits, trade receivables and trade payables denominated in United States dollars ("**US$**") and Euro ("**EURO**"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarises the foreign exchange exposure on the net monetary position of the above assets and liabilities, expressed in the HGC Group's presentation currency of HK$.

	2014 *HK$ millions*	**2015** *HK$ millions*	**2016** *HK$ millions*
US$	325	223	279
EURO	68	82	150
Total net exposure: net assets	393	305	429

As at 31 December, a 5% strengthening/weakening of the currencies of the above assets and liabilities against HK$ would have increased/decreased post-tax profit for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2014 *HK$ millions*	**2015** *HK$ millions*	**2016** *HK$ millions*
US$	14	9	12
EURO	3	3	6
	17	12	18

There is no foreign currency transaction risk that would affect equity directly. The 5% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

(ii) Interest rate exposure

The HGC Group's main interest risk exposures relate to its loans from a fellow subsidiary and investments of surplus funds placed with banks as deposits. The HGC Group manages its interest rate exposure of borrowings with a focus on reducing the overall cost of debt and interest rate exposure of investments of surplus funds by placing such balances with various maturities and interest rate terms.

As at 31 December, the carrying amounts of the HGC Group's financial assets and liabilities where their cash flows are subject to interest rate exposure are as follows:

	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Loans from a fellow subsidiary *(Note 20)*	(800)	(800)	(580)
Cash at banks and short-term bank deposits	77	169	94
	(723)	(631)	(486)

The interest rate profile of the loans from a fellow subsidiary is disclosed in Note 20. The cash deposits placed with banks generate interest at the prevailing market interest rates.

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit for 2014, 2015 and 2016 would have decreased by approximately HK$6 million, HK$5 million and HK$4 million respectively, mainly as a result of higher interest expenses on floating rate loans from a fellow subsidiary and interest income from cash at banks and bank deposits; there would have no direct impact on equity as the HGC Group did not have financial instruments qualified for hedge accounting whereby all movement of interest expense and income as a result of interest rates changes would be charged to the consolidated income statement.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting date and had been applied to the exposure to interest rate risk for the above financial assets and liabilities in existence at that date. The 100 basis point movement represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

(iii) Credit risk

Credit risk is managed on a group basis. The HGC Group's credit risk arises from counter party and investment risks in respect of the surplus funds as well as credit exposures to trade and other receivables and amounts due from fellow subsidiaries. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

For counterparty and investment risks in respect of the surplus fund, the HGC Group manages these risks in a prudent manner, usually in the form of deposits with banks or financial institutions. The HGC Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The credit period granted by the HGC Group to customers generally ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The utilisation of credit limits is regularly monitored. Debtors who have overdue accounts are requested to settle all outstanding balances before any further credit is granted. There is no concentration of credit risk with respect to trade receivables as the HGC Group has a large number of customers. The HGC Group does not have significant exposure to any individual debtor.

The HGC Group considers its maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Cash at banks and short-term bank deposits *(Note 15)*	100	207	139
Trade and other receivables *(Note 16)*	875	831	883
Amounts due from fellow subsidiaries *(Note 17)*	9	8	7
	984	1,046	1,029

(iv) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient cash and the ability to close out market positions, is adopted. Due to the dynamic nature of the underlying businesses, the HGC Group maintains flexibility in funding by maintaining sufficient cash for operating and investing activities.

The following table details the contractual maturities at the reporting date of the HGC Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the HGC Group can be required to pay.

	Carrying amount *HK$ millions*	Contractual liabilities *HK$ millions*	Non-contractual liabilities *HK$ millions*	Contractual undiscounted cash flow *HK$ millions*	Within 1 year *HK$ millions*	After 1 year but within 2 years *HK$ millions*	After 2 years but within 5 years *HK$ millions*	After 5 years *HK$ millions*
At 31 December 2014								
Loans from a fellow subsidiary *(Note 20)*	800	800	–	800	–	–	800	–
Trade payables *(Note 18)*	349	349	–	349	349	–	–	–
Other payables, accruals and deferred revenue *(Note 18)*	1,222	484	738	484	484	–	–	–
Dividend payable	350	350	–	350	350	–	–	–
Loan from the immediate holding company	3,599	3,599	–	3,599	3,599	–	–	–
Amount due to the immediate holding company	151	151	–	151	151	–	–	–
Amounts due to fellow subsidiaries	41	41	–	41	41	–	–	–
	6,512	5,774	738	5,774	4,974	–	800	–
At 31 December 2015								
Loans from a fellow subsidiary *(Note 20)*	800	800	–	800	–	–	800	–
Trade payables *(Note 18)*	354	354	–	354	354	–	–	–
Other payables, accruals and deferred revenue *(Note 18)*	1,259	438	821	438	438	–	–	–
Dividend payable	325	325	–	325	325	–	–	–
Loan from the immediate holding company	3,599	3,599	–	3,599	3,599	–	–	–
Amount due to the immediate holding company	209	209	–	209	209	–	–	–
Amounts due to fellow subsidiaries	12	12	–	12	12	–	–	–
	6,558	5,737	821	5,737	4,937	–	800	–

	Carrying amount *HK$ millions*	Contractual liabilities *HK$ millions*	Non-contractual liabilities *HK$ millions*	Contractual undiscounted cash flow *HK$ millions*	Within 1 year *HK$ millions*	After 1 year but within 2 years *HK$ millions*	After 2 years but within 5 years *HK$ millions*	After 5 years *HK$ millions*
At 31 December 2016								
Loans from a fellow subsidiary *(Note 20)*	580	580	–	580	–	–	580	–
Trade payables *(Note 18)*	317	317	–	317	317	–	–	–
Other payables, accruals and deferred revenue *(Note 18)*	1,274	518	756	518	518	–	–	–
Dividend payable	260	260	–	260	260	–	–	–
Loan from the immediate holding company	3,599	3,599	–	3,599	3,599	–	–	–
Amount due to the immediate holding company	178	178	–	178	178	–	–	–
Amounts due to fellow subsidiaries	25	25	–	25	25	–	–	–
	6,233	5,477	756	5,477	4,897	–	580	–

(b) Capital risk management

The HGC Group's primary objectives when managing capital are to safeguard the HGC Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The HGC Group defines capital as total equity attributable to shareholders of the HGC, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The HGC Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the HGC Group and capital efficiency, projected operating cash flows and projected capital expenditures.

(c) Fair value estimation

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and balances with related companies are assumed to approximate their fair values due to short maturity. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the HGC Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in this Historical Financial Information. The HGC Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions. The following is a review of the more significant estimates and assumptions used in the preparation of these Historical Financial Information.

(i) Estimated useful life for telecommunications infrastructure and network equipment

The HGC Group has substantial investments in fixed-line telecommunications infrastructure and network equipment. As at 31 December 2014, 2015 and 2016, the carrying amount of the fixed-line telecommunications infrastructure and network equipment was approximately HK$6,104 million, HK$6,048 million and HK$5,983 million respectively. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

(ii) Asset impairment

Management judgement is required in the area of asset impairment, including goodwill, particularly in assessing whether: (i) an event has occurred that may affect asset values; (ii) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (iii) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the HGC Group's reported financial condition and results of operations. In performing the impairment assessment, the HGC Group has also considered the impact of the current economic environment on the operation of the HGC Group. The results of the impairment test undertaken as at 31 December 2014, 2015 and 2016 indicated that no impairment charge was necessary.

5 REVENUE

Revenue from provision of fixed-line telecommunications services includes local telephony, local data and broadband, international data, international direct dialling, data centre and interconnection services. An analysis of revenue by markets is as follow:

	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
International and local carrier	2,213	2,106	2,197
Corporate and business	1,144	1,180	1,300
Residential	597	557	518
Interconnection and others	148	130	112
	4,102	3,973	4,127

6 STAFF COSTS

	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Wages and salaries	426	476	419
Pension costs			
– defined benefit plans	19	18	18
– defined contribution plans	7	8	7
Termination benefits	–	2	1
Less: Amounts capitalised as non-current assets	(61)	(61)	(50)
	391	443	395

All staff costs (including pension costs and termination benefits) of the HGC Group are recharged through amount due to a fellow subsidiary on an actual reimbursement basis. The defined benefit plans are operated and respective defined benefit obligations are recognised by this fellow subsidiary.

(a) Directors' emoluments

None of the directors (being the key management personnel) received or will receive any fees or emoluments in respect of their services to HGC during each of the years ended 31 December 2014, 2015 and 2016.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the HGC Group's business to which HGC was a party and in which a director of HGC had a material interest, whether directly or indirectly, subsisted at as 31 December 2014, 2015 and 2016 or at any time during each of the years ended 31 December 2014, 2015 and 2016.

7 OTHER OPERATING EXPENSES

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Cost of services provided	1,622	1,473	2,135
General administrative and distribution costs	101	86	82
Operating leases in respect of			
– buildings	54	58	61
– hire of plant and machinery	550	585	127
Loss on disposals of property, plant and equipment	1	–	–
Auditor's remuneration	5	5	5
Provision for doubtful debts	3	(11)	10
Total	2,336	2,196	2,420

8 INTEREST AND OTHER FINANCE COSTS, NET

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Interest income:			
Interest income from a joint venture	1	–	–
	1	–	–
Interest and other finance costs:			
Bank loans	(15)	–	–
Loans from a fellow subsidiary *(Note 28(b))*	–	(12)	(12)
Notional non-cash interest accretion *(Note 21)* [(a)]	(1)	(1)	(1)
Other finance fees	(9)	–	–
Other finance fees to fellow subsidiaries *(Note 28(b))*	(1)	(2)	(5)
	(26)	(15)	(18)
Less: Amounts capitalised on qualifying assets	1	1	1
	(25)	(14)	(17)
Interest and other finance costs, net	(24)	(14)	(17)

(a) Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of asset retirement obligations recognised in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

9 TAXATION

	2014 Current taxation	2014 Deferred taxation	2014 Total
	HK$ millions	*HK$ millions*	*HK$ millions*
Hong Kong	1	77	78
Outside Hong Kong	1	2	3
	2	79	81

	2015 Current taxation	2015 Deferred taxation	2015 Total
	HK$ millions	*HK$ millions*	*HK$ millions*
Hong Kong	1	75	76
Outside Hong Kong	1	1	2
	2	76	78

	2016 Current taxation	2016 Deferred taxation	2016 Total
	HK$ millions	*HK$ millions*	*HK$ millions*
Hong Kong	1	73	74
Outside Hong Kong	1	2	3
	2	75	77

During the Track Record Period, Hong Kong profits tax has been provided at the rate of 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. The differences between the HGC Group's expected tax charge at respective applicable tax rates and the HGC Group's tax charge for the years are as follows:

	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Profit before taxation	501	479	478
Tax calculated at domestic rates	88	85	82
Expenses not deductible for taxation purposes	–	1	–
Utilisation of previously unrecognised tax losses	(7)	(9)	(7)
(Over)/under provision in prior years	(1)	(1)	1
Tax losses not recognised	–	1	–
Others	1	1	1
Total taxation charge	81	78	77

10 DIVIDENDS

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Interim, paid of HK$781,250 per share for 2014; paid of HK$1,093,750 per share for 2015 and paid of HK$250,000 per share for 2016	250	350	80
Interim, proposed of HK$1,093,750 per share for 2014, proposed of HK$1,015,625 per share for 2015 and paid of 812,500 per share for 2016	350	325	260
	600	675	340

11 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment for the years ended 31 December 2014, 2015 and 2016 are as follows:

	Buildings *HK$ millions*	Telecom-munications infrastructure and network equipment *HK$ millions*	Other assets *HK$ millions*	Construction in progress *HK$ millions*	Total *HK$ millions*
Cost					
At 1 January 2014	66	11,621	590	350	12,627
Additions	–	366	40	129	535
Disposals	–	(13)	(3)	–	(16)
Transfer between categories	–	200	21	(221)	–
Currency translation differences	–	(2)	–	–	(2)
At 31 December 2014	66	12,172	648	258	13,144
Accumulated depreciation and impairment losses					
At 1 January 2014	28	5,558	451	–	6,037
Charge for the year	2	522	49	–	573
Disposals	–	(12)	(3)	–	(15)
At 31 December 2014	30	6,068	497	–	6,595
Net book value					
At 31 December 2014	36	6,104	151	258	6,549

	Buildings	Telecommunications infrastructure and network equipment	Other assets	Construction in progress	Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Cost					
At 1 January 2015	66	12,172	648	258	13,144
Additions	–	318	32	135	485
Disposals	–	(18)	(1)	–	(19)
Transfer between categories	–	145	3	(148)	–
Currency translation differences	–	(2)	–	–	(2)
At 31 December 2015	66	12,615	682	245	13,608
Accumulated depreciation and impairment losses					
At 1 January 2015	30	6,068	497	–	6,595
Charge for the year	2	518	51	–	571
Disposals	–	(18)	(1)	–	(19)
Currency translation differences	–	(1)	–	–	(1)
At 31 December 2015	32	6,567	547	–	7,146
Net book value					
At 31 December 2015	34	6,048	135	245	6,462

	Buildings	Telecommunications infrastructure and network equipment	Other assets	Construction in progress	Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Cost					
At 1 January 2016	66	12,615	682	245	13,608
Additions	–	362	35	112	509
Disposals	–	(20)	(18)	–	(38)
Transfer between categories	–	98	23	(121)	–
Currency translation differences	–	(4)	–	–	(4)
At 31 December 2016	66	13,051	722	236	14,075
Accumulated depreciation and impairment losses					
At 1 January 2016	32	6,567	547	–	7,146
Charge for the year	2	517	50	–	569
Disposals	–	(15)	(18)	–	(33)
Currency translation differences	–	(1)	–	–	(1)
At 31 December 2016	34	7,068	579	–	7,681
Net book value					
At 31 December 2016	32	5,983	143	236	6,394

The carrying values of all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Other assets include motor vehicles, office furniture and equipment, computer equipment and leasehold improvements.

During the years ended 31 December 2014, 2015 and 2016, additions of telecommunications infrastructure and network equipment included interest of HK$1 million, HK$1 million and HK$1 million respectively, capitalised at a rate of 2.2%, 1.6% and 1.7% per annum respectively.

12 GOODWILL

	2014 *HK$ millions*	**2015** *HK$ millions*	**2016** *HK$ millions*
Gross carrying amount and net book value at 1 January and 31 December	2,348	2,348	2,348
Accumulated impairment losses at 1 January and 31 December	–	–	–

Impairment test for goodwill

Management considers the entire business of the HGC Group as one CGU.

The recoverable amount of the HGC Group is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and forecasts approved by management covering a five-year period to 2021.

Key assumptions used for value-in-use calculations are:

(i) Projected EBITDA has been based on past performance of the HGC Group and its expectation for the market development. Management considers EBITDA a proxy for operating cash flow.

(ii) A long-term growth rate into perpetuity is not used to extrapolate cash flows beyond the forecast period. Instead, management uses EBITDA multiples with reference to market to determine the terminal value of the HGC Group.

(iii) The discount rate applied to cash flows of the HGC Group is based on pre-tax discount rate and reflects the specific risks relating to the HGC Group. The pre-tax discount rate applied in the value-in-use calculation in 2014, 2015 and 2016 were 3.0%, 2.6% and 3.1% per annum respectively.

The discount rate is adjusted to reflect the risk profile equivalent to those that the HGC Group expects to derive from the assets.

In accordance with the HGC Group's accounting policy on asset impairment (Note 2(h)), the carrying values of goodwill were tested for impairment at each reporting date. Note 4(ii) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2014, 2015 and 2016 indicated no impairment charge was necessary.

13 OTHER NON-CURRENT ASSETS

	2014 *HK$ millions*	**2015** *HK$ millions*	**2016** *HK$ millions*
Prepayments	794	671	587
Non-current deposits	9	9	5
	803	680	592

Non-current deposits are carried at amortised cost, which approximate their fair values at the reporting date.

14 INVESTMENTS IN JOINT VENTURES

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Loan to a joint venture	37	33	31
Share of undistributed post acquisition reserves	(37)	(33)	(31)
	–	–	–

As at 31 December 2014, 2015 and 2016, the loan to a joint venture is unsecured, have no fixed terms of repayment and non-interest bearing.

Particulars of the principal joint venture are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
HGC GlobalCentre Limited (“**HGCGC**”)	Hong Kong	Data centre business in Hong Kong	50%

The HGC Group’s share of results of its joint ventures, all of which are unlisted, are as follows:

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Net loss and total comprehensive loss for the year	(26)	(30)	(17)
Proportionate interests in a joint venture’s capital commitments			
Contracted but not provided for	8	6	6

As at 31 December 2014, 2015 and 2016, there were no contingent liabilities related to the HGC Group’s interest in joint ventures. As at 31 December 2014, 2015 and 2016, a joint venture had an outstanding performance guarantee of HK$3 million.

15 CASH AND CASH EQUIVALENTS

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Cash at banks and in hand	50	75	126
Short-term bank deposits	50	132	13
	100	207	139

The effective interest rates on short-term bank deposits for the years ended 31 December 2014, 2015 and 2016 ranged from 0.01% to 0.02%, 0.005% to 0.13% and 0.002% to 0.39% respectively. These deposits had an average maturity for the years ended 31 December 2014, 2015 and 2016 of 1 to 4 days, 1 to 4 days and 1 to 14 days respectively.

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

16 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
Trade receivables	953	886	941
Less: Provision for doubtful debts	(79)	(56)	(60)
Trade receivables, net of provision (a)	874	830	881
Other receivables (b)	1	1	2
Prepayments and deposits (b)	78	72	54
	953	903	937

(a) Trade receivables, net of provision

	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:			
0 – 30 days	338	403	415
31 – 60 days	156	175	174
61 – 90 days	79	103	86
Over 90 days	301	149	206
	874	830	881

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

As at 31 December 2014, 2015 and 2016, trade receivables of approximately HK$556 million, HK$507 million and HK$537 million respectively, were past due but not provided for. These related to a number of independent customers that have a good track record with the HGC Group. The ageing analysis of these trade receivables is as follows:

	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
The ageing analysis of trade receivables which were past due but not provided for is as follows:			
Past due 1 – 30 days	185	224	214
Past due 31 – 60 days	79	115	99
Past due 61 – 90 days	53	65	77
Past due over 90 days	239	103	147
	556	507	537

As at 31 December 2014, 2015 and 2016, provision for doubtful debts of approximately HK$79 million, HK$56 million and HK$60 million respectively, was recognised for trade receivables of approximately HK$266 million, HK$292 million and HK$321 million respectively, which were individually assessed for impairment. These impaired receivables were past due and management assessed that only a portion of the receivables was expected to be recovered. The HGC Group does not hold any collateral over these balances.

Movement of provision for doubtful debts of trade receivables is as follows:

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
At 1 January	91	79	56
Increase in provision recognised in the consolidated income statement	96	92	79
Amounts recovered in respect of brought forward balance	(93)	(103)	(69)
Write-off during the year	(15)	(12)	(6)
At 31 December	79	56	60

The creation and release of provision for doubtful debts have been included in "Other operating expenses" in the consolidated income statement (Note 7). Amount charged to the provision account is generally written off when the recoverability is remote.

(b) Other receivables, prepayments and deposits

The carrying values of other receivables approximate their fair values. Other receivables, prepayments and deposits do not contain impaired assets. The maximum exposure to credit risk is the fair value of each class of financial assets mentioned above. The HGC Group does not hold any collateral as security.

17 BALANCES WITH RELATED COMPANIES

All balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand as at 31 December 2014, 2015 and 2016. The balances are denominated in HK$.

18 TRADE AND OTHER PAYABLES

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Trade payables [(a)]	349	354	317
Other payables and accruals	894	871	923
Deferred revenue	328	388	351
	1,571	1,613	1,591

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

(a) Trade payables

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
The ageing analysis of trade payables is as follows:			
0 – 30 days	45	64	32
31 – 60 days	43	67	91
61 – 90 days	35	38	39
Over 90 days	226	185	155
	349	354	317

19 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

The gross movement of the deferred tax liabilities/(assets) is as follows:

	Accelerated depreciation allowance	**Tax losses**	**Total**
	HK$ millions	*HK$ millions*	*HK$ millions*
At 1 January 2014	737	(396)	341
Net (credit)/charge for the year *(Note 9)*	(3)	82	79
At 31 December 2014	734	(314)	420
At 1 January 2015	734	(314)	420
Net (credit)/charge for the year *(Note 9)*	(8)	84	76
At 31 December 2015	726	(230)	496
At 1 January 2016	726	(230)	496
Net charge for the year *(Note 9)*	4	71	75
At 31 December 2016	730	(159)	571

The potential deferred tax assets which have not been recognised in the Historical Financial Information are as follows:

	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Arising from unused tax losses	32	15	7
Arising from depreciation allowances	1	1	1
	33	16	8

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

As at 31 December 2014, 2015 and 2016, subject to the agreement by tax authorities, total unrecognised tax losses of approximately HK$194 million, HK$90 million and HK$44 million respectively, can be carried forward indefinitely.

20 LOANS FROM A FELLOW SUBSIDIARY

As at 31 December 2014, 2015 and 2016, the loan from a fellow subsidiary, Hutchison Telecom Finance Limited ("**HTFL**"), amounting to HK$800 million, HK$800 million and HK$480 million respectively, is unsecured, bears interest at Hong Kong Interbank Offer Rate ("**HIBOR**") plus 1.18% per annum and is repayable in 2019.

As at 31 December 2016, the loan from a fellow subsidiary, HTFL, amounting to HK$100 million (2014 and 2015: Nil) is unsecured, bears interest at HIBOR plus 0.56% per annum and is repayable in 2019 (2014 and 2015: Nil).

21 PROVISION FOR OTHER LIABILITY

	Asset retirement obligations
	HK$ millions
At 1 January 2014	21
Additions	1
Notional non-cash interest accretion *(Note 8)*	1
Payments during the year	(1)
At 31 December 2014	22
At 1 January 2015	22
Additions	2
Notional non-cash interest accretion *(Note 8)*	1
At 31 December 2015	25
At 1 January 2016	25
Additions	1
Notional non-cash interest accretion *(Note 8)*	1
At 31 December 2016	27

22 SHARE CAPITAL

	2014	**2015**	**2016**
	US$	*US$*	*US$*
Authorised:			
50,000 shares of US$1 each	50,000	50,000	50,000
	HK$	*HK$*	*HK$*
Issued and fully paid:			
320 shares of US$1 each	2,489	2,489	2,489

23 RESERVES

	Share premium *HK$ millions*	Retained earnings *HK$ millions*	Cumulative translation adjustments *HK$ millions*	Other reserves *HK$ millions*	Total *HK$ millions*
At 1 January 2014	3,462	522	(3)	8	3,989
Profit for the year	–	420	–	–	420
Currency translation differences	–	–	(4)	–	(4)
Dividends *(Note 10)*	(600)	–	–	–	(600)
At 31 December 2014	2,862	942	(7)	8	3,805
At 1 January 2015	2,862	942	(7)	8	3,805
Profit for the year	–	401	–	–	401
Currency translation differences	–	–	(3)	–	(3)
Dividends *(Note 10)*	(675)	–	–	–	(675)
At 31 December 2015	2,187	1,343	(10)	8	3,528
At 1 January 2016	2,187	1,343	(10)	8	3,528
Profit for the year	–	401	–	–	401
Currency translation differences	–	–	(5)	–	(5)
Dividends *(Note 10)*	(340)	–	–	–	(340)
At 31 December 2016	1,847	1,744	(15)	8	3,584

24 CASH GENERATED FROM OPERATIONS

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
Cash flows from operating activities			
Profit before taxation	501	479	478
Adjustments for:			
– Interest income *(Note 8)*	(1)	–	–
– Interest and other finance costs *(Note 8)*	25	14	17
– Depreciation and amortisation	701	697	688
– Loss on disposals of property, plant and equipment *(Note 7)*	1	–	–
– Share of results of joint ventures *(Note 14)*	26	30	17
Changes in working capital			
– (Increase)/decrease in trade receivables and other assets	(1)	55	(25)
– (Increase)/decrease in amounts due from fellow subsidiaries	(9)	1	1
– (Decrease)/increase in trade and other payables	(147)	10	(41)
– (Decrease)/increase in amount due to the immediate holding company	(32)	58	(31)
– Increase/(decrease) in amounts due to fellow subsidiaries	29	(29)	13
Cash generated from operations	1,093	1,315	1,117

25 CONTINGENT LIABILITIES

As at 31 December 2014, 2015 and 2016, the HGC Group had contingent liabilities in respect of the following:

	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
Performance guarantees	9	5	310
Financial guarantees	14	12	11
Others	3	4	4
	26	21	325

As at 31 December 2016, the above amount included performance guarantees of approximately HK$305 million (2014 and 2015: Nil) provided by a subsidiary of the HGC Group in relation to the service performance of a joint venture.

26 COMMITMENTS

As at 31 December 2014, 2015 and 2016, outstanding commitments of the HGC Group not provided for in the Historical Financial Information are as follows:

(a) Capital commitments

The HGC Group had capital commitments contracted but not provided for as follows:

	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
Property, plant and equipment	309	296	302

(b) Operating lease commitments

The HGC Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		Buildings	
	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
Not later than one year	47	48	32
Later than one year but not later than five years	46	28	8
	93	76	40

		Other assets	
	2014	2015	2016
	HK$ millions	*HK$ millions*	*HK$ millions*
Not later than one year	210	133	25
Later than one year but not later than five years	55	37	14
Later than five years	7	5	4
	272	175	43

The above amount included the following future aggregate minimum lease payments to related parties:

	Buildings		
	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Not later than one year	31	–	–
Later than one year but not later than five years	34	–	–
	65	–	–

	Other assets		
	2014	**2015**	**2016**
	HK$ millions	*HK$ millions*	*HK$ millions*
Not later than one year	–	6	–

27 ULTIMATE HOLDING COMPANY

HGC is a wholly-owned subsidiary of HTHKH (incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")). As at 31 December 2014, the ultimate holding company of HGC was Hutchison Whampoa Limited ("**HWL**") (incorporated in Hong Kong and listed on the Stock Exchange), which owned approximately 65% of HTHKH.

On 3 June 2015, HWL was privatised and the reorganisation of HWL and Cheung Kong (Holdings) Limited ("**Cheung Kong (Holdings)**") was completed (the "**Reorganisation**"). As at 31 December 2015 and 2016, HTHKH was owned as to approximately 66% by CK Hutchison Holdings Limited ("**CKH Holdings**") (incorporated in the Cayman Islands and listed on the Stock Exchange). The directors regarded CKH Holdings as the ultimate holding company of HGC.

28 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the HGC Group if the party has the ability, directly or indirectly, to exercise significant influence over the HGC Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the HGC Group where those parties are individuals.

Related Party Group:

Before the completion of the Reorganisation:

(1) HWL Group – HWL together with its direct and indirect subsidiaries and joint ventures

(2) Other shareholders of the HGC Group or HWL Group: Cheung Kong (Holdings) Group – Cheung Kong (Holdings) together with its direct and indirect subsidiaries and joint ventures

After the completion of the Reorganisation:

(3) CKH Group – CKH Holdings together with its direct and indirect subsidiaries (including a joint venture of the HGC Group after the Reorganisation) and joint ventures

During the Track Record Period:

(4) HTHKH Group – HTHKH together with its direct and indirect subsidiaries

(5) Joint ventures of the HGC Group

Transactions between HGC and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the Historical Financial Information, transactions between the HGC Group and other related parties during the year are summarised below.

(a) Key management personnel remuneration

No transaction has been entered with the directors of HGC (being the key management personnel) during the year.

(b) Transactions with related parties

	2014 *HK$ millions*	2015 *HK$ millions*	2016 *HK$ millions*
CKH Group			
Provision of fixed-line telecommunications services	–	116	298
Sharing of services arrangement income	–	9	20
Purchase of telecommunications services	–	(34)	(95)
Purchase of data centre services	–	(35)	(73)
Billing collection service expenses	–	(2)	(3)
Purchase of office supplies	–	(1)	(2)
Purchase of air tickets and hotel accommodation	–	–	(3)
Advertising and promotion expenses	–	(1)	–
Sharing of services arrangement expenses	–	–	(1)
HWL Group			
Provision of fixed-line telecommunications services	167	64	–
Purchase of telecommunications services	(24)	(17)	–
Rental expenses on lease arrangements	(27)	(12)	–
Billing collection service expenses	(3)	(1)	–
Purchase of office supplies	(2)	(1)	–
Purchase of air tickets and hotel accommodation	(2)	(1)	–
Advertising and promotion expenses	(1)	–	–
Sharing of services arrangement expenses	(1)	–	–
Purchase of property, plant and equipment	(1)	–	–
Cheung Kong (Holdings) Group			
Provision of fixed-line telecommunications services	38	16	–
Purchase of telecommunications services	(1)	–	–
Rental expenses on lease arrangements	(2)	–	–
Purchase of office supplies	(3)	(1)	–
Sharing of services arrangement expenses	(6)	(2)	–
Purchase of property, plant and equipment	(21)	(2)	–
Business risks management services	(3)	–	–
HTHKH Group			
Provision of fixed-line telecommunications services	418	394	402
Commission income	1	6	–
Purchase of telecommunications services	(20)	(16)	(17)
Purchase of telecommunications products	–	(3)	(1)
Dealership services expenses	–	–	(189)
Sharing of services arrangement expenses	(24)	(22)	(25)
Advertising and promotion expenses	(1)	–	–
Interest expenses and other finance costs *(Note 8)*	(1)	(14)	(17)
Purchase of property, plant and equipment	–	–	(1)
Joint Ventures of the HGC Group			
Provision of fixed-line telecommunications services	2	1	–
Interest income	1	–	–
Sharing of services arrangement income	15	9	–
Purchase of data centre services	(50)	(26)	–

In the opinion of the directors of HGC, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the HGC Group and the respective related parties.

29 SUBSEQUENT EVENTS

On 6 March 2017, the HGC Group acquired the entire equity interest in Keen Clever Holdings Limited ("**Keen Clever**") from a subsidiary of CKH Group for a cash consideration of HK$0.9 million. Keen Clever is an investment holding company which holds 50% equity interest in HGCGC. After such acquisition, HGCGC becomes a wholly owned subsidiary of the HGC Group.

Pursuant to a director's resolution dated 10 March 2017, HGC declared an interim dividend of HK$21,556 per share, amounting to HK$7 million to HTHKH.

30 RESERVE MOVEMENT OF HGC

	Share premium	Accumulated losses	Total
	HK$ millions	*HK$ millions*	*HK$ millions*
At 1 January 2014	3,462	(1,986)	1,476
Dividends *(Note 10)*	(600)	–	(600)
At 31 December 2014	2,862	(1,986)	876
At 1 January 2015	2,862	(1,986)	876
Profit for the year	–	881	881
Dividends *(Note 10)*	(675)	–	(675)
At 31 December 2015	2,187	(1,105)	1,082
At 1 January 2016	2,187	(1,105)	1,082
Profit for the year	–	7	7
Dividends *(Note 10)*	(340)	–	(340)
At 31 December 2016	1,847	(1,098)	749

Reserve of HGC available for distribution to shareholders of HGC as at 31 December 2014, 2015 and 2016 amounting to HK$876 million, HK$1,082 million and HK$749 million respectively.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by HGC or any of its subsidiaries in respect of any period subsequent to 31 December 2016 and up to the date of this report. Save as disclosed in Note 29, no dividend or distribution has been declared or made by HGC or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

The following is the text of a report set out on pages IIB-1 and IIB-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF HUTCHISON GLOBAL COMMUNICATIONS INVESTMENT HOLDING LIMITED
(Incorporated in the British Virgin Island with limited liability)

To the Board of Directors of Hutchison Telecommunications Hong Kong Holdings Limited

Introduction

We have reviewed the condensed consolidated interim financial information set out on pages IIB-3 to IIB-14 which comprises the condensed consolidated statement of financial position of Hutchison Global Communications Investment Holding Limited ("**HGC**") and its subsidiaries (together, the "**HGC Group**") as at 31 December 2016 and 30 June 2017, and the 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 periods ended 30 June 2016 and 30 June 2017 and explanatory notes (the "**interim financial information**"). The interim financial information has been prepared solely for the purpose of inclusion in the circular to be issued by Hutchison Telecommunications Hong Kong Holdings Limited (the "**Company**") in connection with the disposal of the HGC Group in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of HGC are responsible for the presentation and preparation of the interim financial information of the HGC Group in accordance with the basis of preparation set out in Note 2 to the interim financial information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of the interim financial information that is free from material misstatement, whether due to fraud or error. The interim financial information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" issued by International Accounting Standards Board. Our responsibility is to express a conclusion on this interim financial information 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.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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" issued by International Auditing and Assurance Standards Board and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information 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 information of the HGC Group for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the interim financial information.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2017

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Unaudited 2017 HK$ millions	*(Note 2)* Unaudited 2016 HK$ millions
Revenue	4	2,167	2,112
Staff costs		(199)	(196)
Customer acquisition costs		(47)	(52)
Depreciation and amortisation		(385)	(389)
Other operating expenses		(1,265)	(1,220)
		271	255
Interest and other finance costs	5	(12)	(12)
Profit before taxation		259	243
Taxation	6	(47)	(42)
Profit for the period attributable to the shareholders of HGC		212	201

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 2017 HK$ millions	*(Note 2)* Unaudited 2016 HK$ millions
Profit for the period	212	201
Other comprehensive income		
Item that may be reclassified subsequently to income statement in subsequent periods:		
– Currency translation differences	1	–
Total comprehensive income for the period attributable to the shareholders of HGC, net of tax	213	201

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	Unaudited 30 June 2017 HK$ millions	(Restated) (Note 2) Unaudited 31 December 2016 HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	8	6,590	6,693
Goodwill		2,348	2,348
Other non-current assets	9	546	594
Total non-current assets		9,484	9,635
Current assets			
Cash and cash equivalents	10	222	259
Trade receivables and other current assets	11	1,077	971
Amounts due from fellow subsidiaries	12	3	7
Total current assets		1,302	1,237
Current liabilities			
Trade and other payables	13	1,647	1,552
Current income tax liabilities		3	2
Dividend payable		–	260
Loan from the immediate holding company	12	3,599	3,599
Loan from a fellow subsidiary	14	–	543
Amount due to the immediate holding company	12	114	178
Amounts due to fellow subsidiaries	12	22	25
Interest payable to a fellow subsidiary	14	–	41
Total current liabilities		5,385	6,200
Non-current liabilities			
Deferred tax liabilities		615	571
Loans from a fellow subsidiary	14	1,058	580
Provision for other liability		33	32
Total non-current liabilities		1,706	1,183
Net assets		3,695	3,489
CAPITAL AND RESERVES			
Share capital	15	–	–
Reserves		3,695	3,489
Total equity		3,695	3,489

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited					
	Attributable to shareholders of HGC					
	Share capital	**Share premium**	**Retained earnings**	**Cumulative translation adjustments**	**Other reserves**	**Total equity**
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
At 1 January 2017, previously reported	–	1,847	1,744	(15)	8	3,584
Effect of merger accounting *(Note 2)*	–	–	(37)	–	(58)	(95)
At 1 January 2017, restated	–	1,847	1,707	(15)	(50)	3,489
Profit for the period	–	–	212	–	–	212
Other comprehensive income						
Currency translation differences	–	–	–	1	–	1
Total comprehensive income, net of tax	–	–	212	1	–	213
Dividend *(Note 7)*	–	(7)	–	–	–	(7)
At 30 June 2017	–	1,840	1,919	(14)	(50)	3,695
At 1 January 2016, previously reported	–	2,187	1,343	(10)	8	3,528
Effect of merger accounting *(Note 2)*	–	–	(18)	–	(58)	(76)
At 1 January 2016, restated	–	2,187	1,325	(10)	(50)	3,452
Profit for the period	–	–	201	–	–	201
Other comprehensive income						
Currency translation differences	–	–	–	–	–	–
Total comprehensive income, net of tax	–	–	201	–	–	201
Dividend *(Note 7)*	–	(80)	–	–	–	(80)
At 30 June 2016	–	2,107	1,526	(10)	(50)	3,573

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Unaudited 2017 HK$ millions	(Note 2) Unaudited 2016 HK$ millions
Cash flows from operating activities			
Cash generated from operations	16	580	561
Interest and other finance costs paid		(53)	(7)
Tax paid		(2)	(1)
Net cash generated from operating activities		525	553
Cash flows from investing activities			
Purchases of property, plant and equipment		(229)	(235)
Additions to other non-current assets		(1)	(22)
Proceeds from disposals of property, plant and equipment		–	5
Net cash used in investing activities		(230)	(252)
Cash flows from financing activities			
Dividends paid to the shareholders of HGC	7	(267)	(325)
Loans from a fellow subsidiary		542	–
Loans repayment to fellow subsidiaries		(607)	–
Net cash used in financing activities		(332)	(325)
Decrease in cash and cash equivalents		(37)	(24)
Cash and cash equivalents at 1 January, restated		259	287
Cash and cash equivalents at 30 June		222	263

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Hutchison Global Communications Investment Holding Limited ("**HGC**") is a limited liability company incorporated in the British Virgin Islands (the "**BVI**"). The address of its registered office is P.O. Box 146, Road Town, Tortola, the BVI.

HGC and its subsidiaries (together the "**HGC Group**") are principally engaged in fixed-line telecommunications business in Hong Kong.

This unaudited condensed consolidated interim financial information (the "**interim financial information**") are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest million (HK$ million), unless otherwise stated. This interim financial information was approved for issuance by the Board of Directors on 21 August 2017.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2016 and 2017 has been prepared in accordance with International Accounting Standard 34 "Interim financial reporting", and solely for the purpose of inclusion in this circular. This interim financial information should be read in conjunction with the annual financial statements of Hutchison Telecommunications Hong Kong Holdings Limited ("**HTHKH**"), the immediate holding company of HGC, for the year ended 31 December 2016 and the condensed consolidated interim financial statements of HTHKH for the six months ended 30 June 2017, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

As at 30 June 2017, the current liabilities of the HGC Group exceeded its current assets by approximately HK$4,083 million. Included in the current liabilities were non-refundable customer prepayments of HK$406 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 HGC Group would have been approximately HK$3,677 million. On the date of this circular, Asia Cube Global Communications Limited (the "**Purchaser**") has secured a committed banking facility and upon the completion of the acquisition of the entire interest in HGC by the Purchaser from HTHKH, the inter-company loans owed by the HGC Group to HTHKH together with its direct and indirect subsidiaries ("**HTHKH Group**"), primarily comprising of the loan from the immediate holding company, the loans from a fellow subsidiary and an amount due to the immediate holding company, will be substituted by a bank loan, borrowed by the HGC Group, of HK$4,795 million, with maturity in five years after the drawdown of the bank loan. Together with the net cash inflows generated from operating activities, the future funding requirements of the HGC Group are expected to be met. Based on the HGC Group's history of its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the HGC Group to meet its liabilities as and when they fall due. Accordingly, this interim financial information has been prepared on a going concern basis.

On 6 March 2017, a subsidiary of HGC, entered into a sale and purchase agreement with Cosmos Technology Limited, a subsidiary of CK Hutchison Holdings Limited ("**CKH Holdings**"), to acquire the entire issued share capital of Keen Clever Holdings Limited ("**Keen Clever**"), which owns 50% interest in HGC GlobalCentre Limited ("**HGCGC**") (engages in the provision of data centre services in Hong Kong), at a consideration of HK$0.9 million (the "**Acquisition**"). The Acquisition was completed on the same day. Together with the 50% interest in HGCGC originally held by the HGC Group (which was accounted for as an investment in a joint venture prior to the Acquisition), the HGC Group owns 100% interest in HGCGC which becomes a wholly owned subsidiary of the HGC Group.

Given HGC and Cosmos Technology Limited were under the common control of CKH Holdings both before and after the Acquisition, the Acquisition is a business combination under common control and accounted for using the principle of merger accounting.

Accordingly, the assets and liabilities of Keen Clever and HGCGC acquired by the HGC Group are stated at predecessor value, and were included in the HGC Group's interim financial information from the beginning of the earliest period presented as if Keen Clever and HGCGC had always been part of the HGC Group. No amount is recognised as consideration for goodwill or excess of HGC Group's interest in the net fair value of Keen Clever and HGCGC's identified assets, liabilities and contingent liabilities over cost at the time of common control combination.

The condensed consolidated income statement includes the results of Keen Clever and HGCGC from the earliest date presented or since the date when Keen Clever and HGCGC first came under the control of CKH Holdings, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by Keen Clever and HGCGC. All intra-group transactions, balances and unrealised gains on transactions within the HGC Group are eliminated on consolidation.

3 SIGNIFICANT ACCOUNTING POLICIES

This interim financial information has been prepared under the historical cost convention. The accounting policies applied and methods of computation used in the preparation of this interim financial information are consistent with those used in annual financial statements of HTHKH for the year ended 31 December 2016, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the HGC Group and mandatory for annual periods beginning 1 January 2017. 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 HGC Group.

4 REVENUE

Revenue from provision of fixed-line telecommunications services includes local telephony, local data and broadband, international data, international direct dialling, data centre and interconnection services. An analysis of revenue by markets is as follow:

	Six months ended 30 June	
	2017	**2016**
	HK$ millions	*HK$ millions*
International and local carrier	1,109	1,111
Corporate and business	689	635
Residential	250	261
Data centre, interconnection and others	119	105
	2,167	2,112

5 INTEREST AND OTHER FINANCE COSTS

	Six months ended 30 June	
	2017	**2016**
	HK$ millions	*HK$ millions*
Interest and other finance costs:		
Loans from fellow subsidiaries	(10)	(11)
Notional non-cash interest accretion [(a)]	(1)	(1)
Other finance fees to fellow subsidiaries	(2)	(1)
	(13)	(13)
Less: Amounts capitalised on qualifying assets	1	1
	(12)	(12)

(a) Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of asset retirement obligations recognised in the condensed consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

6 TAXATION

	Six months ended 30 June					
	2017			2016		
	Current taxation	Deferred taxation	Total	Current taxation	Deferred taxation	Total
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
Hong Kong	–	43	43	1	40	41
Outside Hong Kong	2	2	4	–	1	1
	2	45	47	1	41	42

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2016: 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.

7 DIVIDEND

	Six months ended 30 June	
	2017	2016
	HK$ millions	*HK$ millions*
Interim, paid of HK$21,556 per share (2016: proposed of HK$250,000 per share)	7	80

In addition, second interim dividend in respect of year 2016 of HK$812,500 per share (30 June 2016: HK$1,015,625 per share) totalling HK$260 million (30 June 2016: HK$325 million) was paid during the six months ended 30 June 2017.

8 PROPERTY, PLANT AND EQUIPMENT

During the period, the HGC Group acquired property, plant and equipment with a cost of HK$230 million (30 June 2016: HK$236 million). Property, plant and equipment with an insignificant net book value (30 June 2016: HK$5 million) was disposed of during the period, resulting in an insignificant loss (30 June 2016: insignificant gain).

9 OTHER NON-CURRENT ASSETS

	30 June 2017	(Restated) 31 December 2016
	HK$ millions	*HK$ millions*
Prepayments	539	587
Non-current deposits	7	7
	546	594

10 CASH AND CASH EQUIVALENTS

	30 June 2017 HK$ millions	(Restated) 31 December 2016 HK$ millions
Cash at banks and in hand	173	246
Short-term bank deposits	49	13
	222	259

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

11 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2017 HK$ millions	(Restated) 31 December 2016 HK$ millions
Trade receivables	1,068	969
Less: Provision for doubtful debts	(64)	(60)
Trade receivables, net of provision [(a)]	1,004	909
Other receivables	2	7
Prepayments and deposits	71	55
	1,077	971

The carrying values of trade receivables and other receivables approximate their fair values. The HGC 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 corporate or carrier customers based on individual commercial terms. There is no concentration of credit risk with respect to trade receivables as the HGC Group has a large number of customers.

(a) Trade receivables, net of provision

	30 June 2017 HK$ millions	(Restated) 31 December 2016 HK$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0 – 30 days	418	430
31 – 60 days	205	180
61 – 90 days	154	89
Over 90 days	227	210
	1,004	909

12 BALANCES WITH RELATED COMPANIES

All balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand (31 December 2016: Same). The balances are denominated in HK$.

13 TRADE AND OTHER PAYABLES

	30 June 2017 HK$ millions	(Restated) 31 December 2016 HK$ millions
Trade payables [(a)]	382	318
Other payables and accruals	859	851
Deferred revenue	406	383
	1,647	1,552

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

(a) Trade payables

	30 June 2017 HK$ millions	(Restated) 31 December 2016 HK$ millions
The ageing analysis of trade payables is as follows:		
0 – 30 days	78	32
31 – 60 days	87	91
61 – 90 days	44	39
Over 90 days	173	156
	382	318

14 LOANS FROM FELLOW SUBSIDIARIES AND INTEREST PAYABLE TO A FELLOW SUBSIDIARY

As at 30 June 2017, the loans from a fellow subsidiary, Hutchison Telecom Finance Limited, amounting to HK$858 million and HK$200 million respectively (31 December 2016: HK$480 million and HK$100 million respectively) are unsecured, bear interest at Hong Kong Interbank Offers Rate ("**HIBOR**") plus 1.18% per annum (31 December 2016: Same) and HIBOR plus 0.56% per annum (31 December 2016: Same) respectively, and are repayable in 2019 (31 December 2016: Same).

As at 31 December 2016, the loan from a fellow subsidiary, Vigour Limited, and interest payable, amounted to HK$543 million and HK$41 million, were unsecured, bore interest at HIBOR plus 1.38% per annum and repayable on demand. On 23 June 2017, the loan and interest payable were fully repaid.

The balances are denominated in HK$.

15 SHARE CAPITAL

	30 June 2017	31 December 2016
	US$	US$
Authorised:		
50,000 shares of US$1 each	50,000	50,000
	HK$	HK$
Issued and fully paid:		
320 shares of US$1 each	2,489	2,489

16 CASH GENERATED FROM OPERATIONS

	Six months ended 30 June 2017 *HK$ millions*	2016 *HK$ millions*
Cash flows from operating activities		
Profit before taxation	259	243
Adjustments for:		
– Interest and other finance costs *(Note 5)*	12	12
– Depreciation and amortisation	385	389
Changes in working capital		
– Increase in trade receivables and other assets	(108)	(115)
– Decrease in amounts due from fellow subsidiaries	4	1
– Increase/(decrease) in trade and other payables	95	(50)
– (Decrease)/increase in amount due to the immediate holding company	(64)	73
– (Decrease)/increase in amounts due to fellow subsidiaries	(3)	8
Cash generated from operations	580	561

17 CONTINGENT LIABILITIES

The HGC Group had contingent liabilities in respect of the following:

	30 June 2017 *HK$ millions*	(Restated) 31 December 2016 *HK$ millions*
Performance guarantees	315	315
Financial guarantees	10	11
Others	5	4
	330	330

18 COMMITMENTS

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

(a) Capital commitments

The HGC Group had capital commitments contracted but not provided for as follows:

	30 June 2017 *HK$ millions*	(Restated) 31 December 2016 *HK$ millions*
Property, plant and equipment	282	314

(b) Operating lease commitments

The HGC Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Buildings		Other assets	
	30 June 2017	**(Restated) 31 December 2016**	**30 June 2017**	**31 December 2016**
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*
Not later than one year	79	55	12	25
Later than one year but not later than five years	88	32	10	14
Later than five years	28	26	3	4
	195	113	25	43

19 RELATED PARTIES TRANSACTIONS

Related Party Group:

(1) CKH Group – CKH Holdings together with its direct and indirect subsidiaries and joint ventures

(2) HTHKH Group – HTHKH together with its direct and indirect subsidiaries

	Six months ended 30 June	
	2017	**2016**
	HK$ millions	*HK$ millions*
CKH Group		
Provision of fixed-line telecommunications services	153	133
HTHKH Group		
Provision of fixed-line telecommunications services	201	198
Dealership services expenses	(92)	(98)

Transactions between HGC and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the interim financial information, transactions between the HGC Group and other related parties during the period are not significant to the HGC Group.

No transactions have been entered with the directors of HGC (being the key management personnel) during the period.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is an illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of cash flows of the Remaining Group (the "**Unaudited Pro Forma Financial Information**"), which have been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Transaction as if it had taken place on 30 June 2017 for the unaudited pro forma consolidated statement of financial position and 1 January 2016 for the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Transaction been completed as at 30 June 2017 for the financial position or 1 January 2016 for the financial results and cash flows or at any future date.

Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	The Group for the year ended 31 December 2016 (Audited)	Pro forma adjustments			The Remaining Group for the year ended 31 December 2016 (Unaudited)
	HK$ millions *Note (1)*	*HK$ millions* *Note (2)*	*HK$ millions* *Note (3)*	*HK$ millions* *Note (4)*	*HK$ millions*
Revenue	12,024	(4,127)	–	435	8,332
Cost of inventories sold	(4,311)	–	–	(2)	(4,313)
Staff costs	(896)	395	–	–	(501)
Customer acquisition costs	(437)	112	–	–	(325)
Depreciation and amortisation	(1,421)	688	–	–	(733)
Other operating expenses	(3,915)	2,420	–	(433)	(1,928)
Net gain on disposal of subsidiaries	–	–	6,231	–	6,231
	1,044	(512)	6,231	–	6,763
Interest and other finance income	18	–	–	2	20
Interest and other finance costs	(113)	17	–	(2)	(98)
Share of results of joint ventures	(21)	17	–	–	(4)
Profit before taxation	928	(478)	6,231	–	6,681
Taxation	(155)	77	–	–	(78)
Profit for the year	773	(401)	6,231	–	6,603
Attributable to:					
Shareholders of the Company	701	(401)	6,231	–	6,531
Non-controlling interests	72	–	–	–	72
	773	(401)	6,231	–	6,603

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 30 June 2017 (Unaudited)	Pro forma adjustments			The Remaining Group as at 30 June 2017 (Unaudited)
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
	Note (5)	*Note (6)*	*Note (7)*	*Note (8)*	
ASSETS					
Non-current assets					
Property, plant and equipment	10,743	(6,590)	–	–	4,153
Goodwill	4,503	(2,348)	–	–	2,155
Telecommunications licences	2,669	–	–	–	2,669
Other non-current assets	721	(546)	–	–	175
Deferred tax assets	18	–	–	–	18
Investments in joint ventures	451	–	–	–	451
Total non-current assets	19,105	(9,484)	–	–	9,621
Current assets					
Cash and cash equivalents	359	(222)	14,397	–	14,534
Trade receivables and other current assets	1,751	(1,077)	–	116	790
Amounts due from fellow subsidiaries	–	(3)	3	–	–
Amounts due from the HGC Group	–	–	–	22	22
Inventories	145	–	–	–	145
Total current assets	2,255	(1,302)	14,400	138	15,491
Current liabilities					
Trade and other payables	3,319	(1,647)	–	116	1,788
Current income tax liabilities	9	(3)	–	–	6
Loan from the immediate holding company	–	(3,599)	3,599	–	–
Amount due to the immediate holding company	–	(114)	141	(27)	–
Amounts due to fellow subsidiaries	–	(22)	–	22	–
Amounts due to the HGC Group	–	–	–	27	27
Total current liabilities	3,328	(5,385)	3,740	138	1,821

	The Group as at 30 June 2017 (Unaudited)	Pro forma adjustments			The Remaining Group as at 30 June 2017 (Unaudited)
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
	Note (5)	*Note (6)*	*Note (7)*	*Note (8)*	
Non-current liabilities					
Deferred tax liabilities	617	(615)	–	–	2
Borrowings	4,874	–	–	–	4,874
Loans from a fellow subsidiary	–	(1,058)	1,058	–	–
Other non-current liabilities	529	(33)	–	–	496
Total non-current liabilities	6,020	(1,706)	1,058	–	5,372
Net assets	12,012	(3,695)	9,602	–	17,919
CAPITAL AND RESERVES					
Share capital	1,205	–	–	–	1,205
Reserves	10,266	–	5,907	–	16,173
Total shareholders' funds	11,471	–	5,907	–	17,378
Non-controlling interests	541	–	–	–	541
Total equity	12,012	–	5,907	–	17,919

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the year ended 31 December 2016 (Audited)	Pro forma adjustments			The Remaining Group for the year ended 31 December 2016 (Unaudited)
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
	Note (1)	*Note (2)*	*Note (3)*	*Note (9)*	
Cash flows from operating activities					
Cash generated from operations	2,458	(1,117)	–	–	1,341
Interest and other finance costs paid	(77)	17	–	–	(60)
Tax paid	(7)	1	–	–	(6)
Net cash generated from operating activities	2,374	(1,099)	–	–	1,275
Cash flows from investing activities					
Purchase of property, plant and equipment	(1,088)	507	–	–	(581)
Additions to other non-current assets	(40)	40	–	–	–
Additions to telecommunications licences	(1,777)	–	–	–	(1,777)
Proceeds from disposals of property, plant and equipment	6	(5)	–	–	1
Disposal of subsidiaries	–	–	14,397	–	14,397
Dividend received from the HGC Group	–	–	–	405	405
Interest received	1	–	–	–	1
Loan to a joint venture	(71)	–	–	–	(71)
Net cash (used in)/generated from investing activities	(2,969)	542	14,397	405	12,375

	The Group for the year ended 31 December 2016 (Audited)	Pro forma adjustments			The Remaining Group for the year ended 31 December 2016 (Unaudited)
	HK$ millions	*HK$ millions*	*HK$ millions*	*HK$ millions*	*HK$ millions*
	Note (1)	*Note (2)*	*Note (3)*	*Note (9)*	
Cash flows from financing activities					
Proceeds from borrowings	1,995	–	–	–	1,995
Repayment of borrowings	(1,500)	–	–	–	(1,500)
Loans from a fellow subsidiary	–	(400)	–	400	–
Loans repayment to a fellow subsidiary	–	620	–	(620)	–
Loans from the HGC Group	–	–	–	620	620
Loans repayment to the HGC Group	–	–	–	(400)	(400)
Dividend paid to shareholders	(626)	405	–	(405)	(626)
Dividend paid to non-controlling interests	(58)	–	–	–	(58)
Net cash (used in)/generated from financing activities	(189)	625	–	(405)	31
(Decrease)/increase in cash and cash equivalents	(784)	68	14,397	–	13,681
Cash and cash equivalents at 1 January	1,021	(207)	–	–	814
Cash and cash equivalents at 31 December	237	(139)	14,397	–	14,495

Notes to the Pro Forma Financial Information of the Remaining Group:

(1) The amounts are extracted from the audited consolidated income statement and consolidated statement of cash flows of the Group for the year ended 31 December 2016 as set out in the 2016 annual report of the Company.

(2) The adjustment represents the exclusion of the income and expense and cash flows of the HGC Group for the year ended 31 December 2016, which is extracted from the Accountant's Report on the historical financial information of the HGC Group as set out in Appendix IIA to this circular.

(3) The adjustment represents the estimated gain on the Transaction of HK$6,231 million as if the Transaction had been completed on 1 January 2016 for the purpose of preparing the unaudited pro forma financial information of the Remaining Group.

The estimated gain is calculated as follow:

	HK$ millions
Consideration *(note (i))*	14,497
Less: Estimated costs and expenses of the Transaction *(note (ii))*	(100)
Net cash proceeds from the Transaction	14,397
Less:	
Net asset value of the HGC Group as at 31 December 2015 *(note (iii))*	(3,528)
Transfer of inter-company loans owed by the HGC Group to the Group as at 31 December 2015 to the Purchaser as shareholders loan *(note (iv))*	(4,628)
Release of exchange reserves attributable to the HGC Group as at 31 December 2015	(10)
Estimated gain on the Transaction	6,231

Notes:

(i) It is assumed that there is no adjustment to the Consideration as the Estimated Price amount equal to HK$14,497 million in cash which will be adjusted following Closing to take account of External Debt, Cash, Working Capital and Capex Spend as mentioned in the sub-section headed "2. Sale and Purchase Agreement" of the letter from the Board in this circular. The actual amount of gain on the Transaction and actual amount of cash flow from the Transaction can only be determined at Closing.

(ii) The costs and expenses directly incurred for the Transaction amounting to HK$100 million will be borne by the Group.

(iii) The net assets value of the HGC Group as at 31 December 2015 is extracted from the Accountant's Report on the historical financial information of the HGC Group as set out in Appendix IIA to this circular.

(iv) Pursuant to the terms of the Sale and Purchase Agreement upon completion, all inter-company loans (inclusive of any accrued interest), representing all inter-company balances excluding inter-company trading debts, owed by the HGC Group to the Group will be novated to HGC and the Company prior to Closing, and such shareholder loan will be transferred by the Company to the Purchaser. The inter-company loans owed by the HGC Group to the Group as at 31 December 2015 is extracted from the Accountant's Report on the historical financial information of the HGC Group as set out in Appendix IIA to this circular.

Since the Consideration at the Closing Statement Date, the net assets value of the HGC Group at the Closing Date and the inter-company loans owed by the HGC Group to the Group prior to Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information of the Remaining Group, the final amounts of the consideration, net assets value of the HGC Group, inter-company loans transfer to the Purchaser and the gain on the Transaction may be different from the amounts presented above.

(4) The adjustment represents the reinstatement of intercompany transactions between the Remaining Group and the HGC Group for the year ended 31 December 2016 which should not be eliminated after the completion of the Transaction. These intercompany transactions mainly comprise (1) mobile telecommunications services fee received by the Remaining Group from the HGC Group, (2) fixed-line telecommunications services fee received by the HGC Group from the Remaining Group, and (3) treasury management services income received by the Remaining Group from the HGC Group.

(5) The amounts are extracted from the unaudited condensed consolidated interim statement of financial position of the Group as at 30 June 2017 as set out in the 2017 interim report of the Company.

(6) The adjustment represents the exclusion of the financial position of the HGC Group as at 30 June 2017, which is extracted from the interim financial information of the HGC Group as set out in Appendix IIB to this circular.

(7) The adjustment represents the estimated gain on the Transaction of HK$5,893 million as if the Transaction had been completed on 30 June 2017 for the purpose of preparing the unaudited pro forma financial information of the Remaining Group.

The estimated gain is calculated as follow:

	HK$ millions
Consideration *(note (i))*	14,497
Less: Estimated costs and expenses of the Transaction *(note (ii))*	(100)
Net cash proceeds from the Transaction	14,397
Less:	
Net asset value of the HGC Group as at 30 June 2017 *(note (iii))*	(3,695)
Transfer of inter-company loans owed by the HGC Group to the Group as at 30 June 2017 to the Purchaser as shareholders loan *(note (iv))*	(4,795)
Release of exchange reserves attributable to the HGC Group as at 30 June 2017	(14)
Estimated gain on the Transaction	5,893

Notes:

(i) It is assumed that there is no adjustment to the Consideration as the Estimated Price amount equal to HK$14,497 million in cash which will be adjusted following Closing to take account of External Debt, Cash, Working Capital and Capex Spend as mentioned in the sub-section headed "2. Sale and Purchase Agreement" of the letter from the Board in this circular. The actual amount of gain on the Transaction and actual amount of cash flow from the Transaction can only be determined at Closing.

(ii) The costs and expenses directly incurred for the Transaction amounting to HK$100 million will be borne by the Group.

(iii) The net assets value of the HGC Group as at 30 June 2017 is extracted from the interim financial information of the HGC Group as set out in Appendix IIB to this circular.

(iv) Pursuant to the terms of the Sale and Purchase Agreement upon completion, all inter-company loans (inclusive of any accrued interest), representing all inter-company balances excluding inter-company trading debts, owed by the HGC Group to the Group will be novated to HGC and the Company prior to Closing, and such shareholder loan will be transferred by the Company to the Purchaser. The inter-company loans owed by the HGC Group to the Group as at 30 June 2017 is extracted from the interim financial information of the HGC Group as at 30 June 2017 as set out in Appendix IIB to this circular.

Since the Consideration at the Closing Statement Date, the net assets value of the HGC Group at the Closing Date and the inter-company loans owed by the HGC Group to the Group prior to Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information of the Remaining Group, the final amounts of the consideration, net assets value of the HGC Group, inter-company loans transfer to the Purchaser and the gain on the Transaction may be different from the amounts presented above.

(8) The adjustment represents the reinstatement of the intercompany balances arising from intercompany transactions between the Remaining Group and the HGC Group as at 30 June 2017 which should not be eliminated after the completion of the Transaction. These intercompany transactions mainly comprise (1) mobile telecommunications services fee received by the Remaining Group from the HGC Group and (2) fixed-line telecommunications services fee received by the HGC Group from the Remaining Group.

(9) The adjustment represents the reinstatement of cash flows impact arising from intercompany transactions between the Remaining Group and the HGC Group for the year ended 31 December 2016 which should not be eliminated after the completion of the Transaction. These intercompany transactions mainly comprise (1) inter-company loan received by the Remaining Group from the HGC Group and (2) dividend from the HGC Group to the Remaining Group.

(10) Apart from Note (3) above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2016 for the purpose of preparation of the unaudited pro forma consolidated income statement of the Remaining Group and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

(11) Apart from Note (7) above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017 for the purpose of preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group.

2. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report set out on pages III-10 to III-12, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Hutchison Telecommunications Hong Kong Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hutchison Telecommunications Hong Kong Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") excluding Hutchison Global Communications Investment Holding Limited ("**HGC**") and its subsidiaries (the "**HGC Group**") (collectively the "**Remaining Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2017, the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-9 of the Company's circular dated 21 August 2017, in connection with the proposed disposal of the entire issued share capital of HGC by the Company (the "**Transaction**"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-9.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2017 and the Group's financial performance and cash flows for the year ended 31 December 2016 as if the Transaction had taken place at 30 June 2017 and 1 January 2016 respectively. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's interim report for the period ended 30 June 2017, on which a review report has been published, and the Group's financial performance and cash flows have been extracted by the directors from the Group's annual report for the year ended 31 December 2016, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2017 for the Group's financial position or 1 January 2016 for the Group's financial performance and cash flows would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, 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 SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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 otherwise notified to the Company and the Stock Exchange pursuant to the Company's Model Code for Securities Transactions by Directors (the "**HTHKH Securities Code**"), were as follows:

(a) 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

Directors	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380*(Note)*	0.0250%
Lui Dennis Pok Man	Beneficial owner	Personal interest	9,100,000	0.1888%
Woo Chiu Man, Cliff	Beneficial owner	Personal interest	2,001,333	0.0415%

Note:

Such Shares were held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.

(b) 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 the Latest Practicable Date, the following interests:

(i) corporate interests in 5,111,438 ordinary shares, representing approximately 0.13% of the issued voting shares, in CKH Holdings; and

(ii) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively.

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 Woo Chiu Man, Cliff had, as at the Latest Practicable Date, 8,892 ordinary shares, representing approximately 0.0002% of the issued voting shares, in CKH Holdings, comprising personal interests in 3,420 ordinary shares held in his capacity as a beneficial owner and family interests in 5,472 ordinary shares held by his spouse.

Mr Lai Kai Ming, Dominic in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKH Holdings.

Ms Edith Shih had, as at the Latest Practicable Date, the following interests:

(i) 57,187 ordinary shares, representing approximately 0.0014% of the issued voting shares, in CKH Holdings, comprising personal interests in 52,125 ordinary shares held in her capacity as a beneficial owner and family interests in 5,062 ordinary shares held by her spouse;

(ii) personal interests in 70,000 ordinary shares and 90,664 American depositary shares (each representing 0.5 ordinary shares), in aggregate representing approximately 0.18% of the issued voting shares, in Hutchison China MediTech Limited held in her capacity as a beneficial owner; and

(iii) personal interests in (a) a nominal amount of US$300,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and (b) a nominal amount of US$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited held in her capacity as a beneficial owner.

Dr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at the Latest Practicable Date, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKH Holdings.

Save as disclosed above, as at the Latest Practicable Date, 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/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 HTHKH Securities Code, to be notified to the Company and the Stock Exchange.

(c) Directorships in substantial shareholders of the Company

Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic, Ms Edith Shih and Dr Wong Yick Ming, Rosanna were directors of CKH Holdings, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic and Ms Edith Shih were also directors of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and directors of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into any service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company have been made up.

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. MATERIAL CONTRACT

The following contract (not being a contract entered into in the ordinary course of business) has been entered into by members of the Group within the two years preceding the date of this circular and is or may be material:

(a) the Sale and Purchase Agreement.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group is not engaged in any material litigation or arbitration proceedings nor is any material litigation or claim pending or threatened against it.

7. EXPERT AND CONSENT

(a) Qualification of Expert

Set out below is the qualification of the expert who has given an opinion contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong

(b) Interests of Expert

As at the Latest Practicable Date, PricewaterhouseCoopers was not interested in any securities of any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, and PricewaterhouseCoopers did not have any direct or indirect interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited accounts of the Company have been made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) Consent

PricewaterhouseCoopers has given and has not withdrawn its written consent to the inclusion of its reports and/or references to its name in the form and context in which they respectively appear in this circular.

8. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Directors had interests in certain businesses (apart from the businesses of the Company or its subsidiaries) which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries which are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

(a) Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic and Ms Edith Shih were executive directors of CKH Holdings and directors and/or alternate directors of certain of its subsidiaries which are engaged in telecommunications business.

(b) Mr Lui Dennis Pok Man and Mr Woo Chiu Man, Cliff were directors and/or alternate directors of certain subsidiaries of CKH Holdings which are engaged in telecommunications business.

(c) Mr Lai Kai Ming, Dominic and Mr Ma Lai Chee, Gerald were also directors of Beijing Net-Infinity Technology Development Company Limited, which is engaged in data centre business outside Hong Kong and became subsidiaries of CKH Holdings as a result of the completion of the reorganisation of the HWL Group on 3 June 2015.

On 17 April 2009, the Company entered into a non-competition agreement with HWL (the then holding company of the Company) (the "**HWL Non-Competition Agreement**") and a non-competition agreement with Hutchison Telecommunications International Limited ("**HTIL**"), whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of (i) HWL Group (excluding HTIL and its subsidiaries (the "**HTIL Group**") and the Group), (ii) the HTIL Group and (iii) the Group within their respective territories for the purpose of implementing the non-competition restrictions. The exclusive territories of the Group comprised Hong Kong and Macau. The exclusive territories of the HWL Group (which in substance included those of the HTIL Group following the privatisation of HTIL in 2010) comprised all the remaining countries of the world.

HWL transferred its rights and obligations under the HWL Non-Competition Agreement to CKH Holdings by novation on 28 December 2015, as a result of the completion of the reorganisation of HWL Group on 3 June 2015 whereupon CKH Holdings became the ultimate holding company of HWL and the Company.

9. GENERAL

(a) The registered office of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong.

(c) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Ms Edith Shih. She is a qualified solicitor in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms Shih holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines and a Master of Arts degree and a Master of Education degree from Columbia University, New York.

(e) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong from 9:00 am to 5:00 pm on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2015 and 2016;

(c) the accountant's report from PricewaterhouseCoopers on the HGC Group as at and for each of the years ended 31 December 2014, 2015 and 2016, the text of which is set out in Appendix IIA of this circular;

(d) the review report from PricewaterhouseCoopers on the unaudited condensed consolidated interim financial information of the HGC Group as at 30 June 2017 and for the six months ended 30 June 2016 and 2017, the text of which is set out in Appendix IIB of this circular;

(e) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III of this circular;

(f) the material contract referred to in the paragraph headed "5. Material Contract" of this Appendix;

(g) the written consent referred to in the paragraph headed "7. Expert and Consent" of this Appendix; and

(h) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Hutchison Telecommunications Hong Kong Holdings Limited (the "**Company**") will be held at The Grand Salon, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 7 September 2017 at 3:00 pm (or, in the event that a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 12:00 noon on that day, at the same time and place on Friday, 8 September 2017) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement dated 29 July 2017 entered into between the Company (as seller) and Asia Cube Global Communications Limited (as purchaser) in relation to the sale and purchase of the entire issued share capital in Hutchison Global Communications Investment Holding Limited together with an associated shareholder loan (a copy of which marked "A" has been produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification) (the "**Transaction**") be and is hereby approved, ratified and confirmed;

(b) all transactions contemplated under the Transaction Documents (as defined in the circular of the Company dated 21 August 2017) be and are hereby approved, ratified and confirmed; and

(c) any director of the Company be and is hereby authorised for and on behalf of the Company to execute (including affixing the seal of the Company in accordance with the articles of association of the Company to) all such documents and do all such acts and things as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Transaction and the transactions contemplated under the Transaction Documents and all matters incidental or ancillary thereto."

By Order of the Board

Edith SHIH
Non-executive Director and Company Secretary

Hong Kong, 21 August 2017

Notes:

1. *The register of members of the Company will be closed from Monday, 4 September 2017 to Thursday, 7 September 2017 (or Friday, 8 September 2017, in the event that the Meeting is to be held on Friday, 8 September 2017 because of a black rainstorm warning signal or tropical cyclone warning signal no. 8 or above (as detailed above)), both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the Meeting.*

2. *For determination of shareholders' entitlement to attend and vote at the Meeting (or at any adjournment thereof), 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 pm on Friday, 1 September 2017.*

3. *Only members are entitled to attend and vote at the Meeting (or at any adjournment thereof).*

4. *A member entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member of the Company. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the principal place of business of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong no less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof) (as the case may be).*

5. *At the Meeting (or at any adjournment thereof), the chairman of the Meeting will put the resolution set out in the notice of the Meeting to the vote by way of a poll.*

6. *Bad weather arrangements:*

   The Meeting will be held on Thursday, 7 September 2017 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day.

   However, if a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 12:00 noon on Thursday, 7 September 2017, the Meeting will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same time and place on Friday, 8 September 2017 instead.

   Members may call the hotline at (852) 3166 8888 or visit the website of the Company at www.hthkh.com for details of the postponement and alternative meeting arrangements.

   Members should make their own decision as to whether they would attend the Meeting under bad weather conditions having regard to their own situation and if they should choose to so do, they are advised to exercise care and caution.