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Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 215)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 29 August 2014, a 75.9%-owned subsidiary of the Company, HTCL, exercised a right of first refusal offered by the Communications Authority for acquiring the Assigned Spectrum for the provision of mobile telecommunications services in Hong Kong for a 15-year term commencing from 22 October 2016. The one-off spectrum utilisation fee payable by HTCL for the Assigned Spectrum to the Communications Authority is in the maximum amount of HK\$1,702.80 million.

As one or more of the relevant percentage ratios for the Company in connection with the Transaction is or are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 29 August 2014, a 75.9%-owned subsidiary of the Company, HTCL, exercised a right of first refusal offered by the Communications Authority for acquiring the Assigned Spectrum. Acquisition of the Assigned Spectrum allows the holder the right to provide mobile telecommunications services in Hong Kong for a period of 15 years. The one-off spectrum utilisation fee payable by HTCL for the Assigned Spectrum to the Communications Authority is in the maximum amount of HK\$1,702.80 million.

BACKGROUND

HTCL currently is the holder of the Existing 3G Spectrum assigned by the former Telecommunications Authority on 22 October 2001 for a term of 15 years which is due to expire on 21 October 2016. By virtue of a statement issued by the Communications Authority and the Secretary for Commerce and Economic Development on 15 November 2013, the Communications Authority decided to adopt a hybrid option between the administratively-assigned and market-based approaches in the re-assignment of 2 x 59.2 MHz of paired spectrum in the 1.9 - 2.2 GHz band upon expiry in October 2016 of the existing assignments for the provision of 3G mobile services. Accordingly, HTCL, being



one of the four incumbent 3G mobile network operators in Hong Kong, was offered a right of first refusal to be re-assigned the Assigned Spectrum and a right to be re-assigned the Re-auctioned Spectrum through auction. The Communications Authority has stated that the auction of the Re-auctioned Spectrum is expected to be conducted in the fourth quarter of 2014 and will be open for bidding by all interested parties. According to the Communications Authority, all the spectrum in the 1.9 - 2.2 GHz band, be it assigned through right of first refusal or by way of auction, will be assigned with a validity period of 15 years from 22 October 2016 to 21 October 2031.

CONDITIONS FOR THE EXERCISE OF THE RIGHT OF FIRST REFUSAL OF THE ASSIGNED SPECTRUM

Spectrum utilisation fee

The one-off spectrum utilisation fee for the Assigned Spectrum as determined by the Communications Authority in accordance with sections 2(1) and 2(2) of the Telecommunications (Method for Determining Spectrum Utilization Fee) (Administratively Assigned Spectrum in the 1.9 - 2.2 GHz Band) Regulation (Chapter 106AD of the Laws of Hong Kong) is in the maximum amount of HK\$1,702.80 million, which is equivalent to HK\$86,000 for every 1 kHz for the Assigned Spectrum.

The spectrum utilisation fee will be payable by HTCL in cash and in a one-off lump sum on or before 22 August 2016, which is currently intended to be satisfied by a combination of internal resources of the Group and external debt financing.

Irrevocable standby letter of credit

As a condition to the exercise of the right of first refusal for the Assigned Spectrum, HTCL is required to provide to the Communications Authority an irrevocable standby letter of credit issued by a Qualifying Bank in the sum of HK\$1,702.80 million to secure the payment obligation of the spectrum utilisation fee on the part of HTCL.

In the event of any failure to pay the required amount of spectrum utilisation fee in respect of the Assigned Spectrum in full by 22 August 2016, the Communications Authority has stated that they will revoke the right of HTCL to be re-assigned the Assigned Spectrum and may make a claim for the spectrum utilisation fee under the standby letter of credit as liquidated damages.

REASONS FOR, AND THE BENEFITS OF, THE ACQUISITION OF THE ASSIGNED SPECTRUM

As a provider of 3G and mobile broadband services in Hong Kong, HTCL offers an array of advanced mobile devices and a rich portfolio of data services and applications. In order to continue to meet the demand for mobile data services in Hong Kong, HTCL strives to maximise the value and usage of radio spectrum, which by its nature is a limited and scarce resource. The Board is of the view that the Assigned Spectrum, which represents two-thirds of the Existing 3G Spectrum, is an indispensable part of the mobile business of HTCL for meeting customers' communication needs.

The Board considers the acquisition of the Assigned Spectrum to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is a provider of mobile telecommunications services in Hong Kong and Macau, and fixed-line telecommunications services in Hong Kong.



The Communications Authority is an independent statutory body established under the Communications Authority Ordinance (Chapter 616 of the Laws of Hong Kong) on 1 April 2012 to act as the regulator of the broadcasting and telecommunications industries in Hong Kong in accordance with the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong), the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong), the Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong), and the Broadcasting (Miscellaneous Provisions) Ordinance (Chapter 391 of the Laws of Hong Kong). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Communications Authority is a third party independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios for the Company in connection with the Transaction is or are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is only subject to the notification and publication requirements set out in the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“3G”	third generation wireless communications and a form of digital technology;
“ADSs”	American depository share(s) issued by the depository namely Citibank N.A., each representing ownership of 15 shares of HK\$0.25 each in the capital of the Company;
“Assigned Spectrum”	the 2 x 9.9 MHz of paired spectrum in the frequency ranges of 1969.8 - 1979.7 MHz paired with 2159.8 - 2169.7 MHz;
“Board”	the board of Directors;
“Communications Authority”	Communications Authority of Hong Kong;
“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 such term in the Listing Rules;
“Directors”	directors of the Company;
“Existing 3G Spectrum”	the aggregate of the Assigned Spectrum and the Re-auctioned Spectrum, or a total of 2 x 14.8 MHz of paired spectrum in the frequency ranges of 1969.8 - 1979.7 MHz paired with 2159.8 - 2169.7 MHz;
“GHz”	gigahertz;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;



“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HTCL”	Hutchison Telephone Company Limited, a limited liability company incorporated in Hong Kong and a 75.9%-owned subsidiary of the Company;
“kHz”	kilohertz;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“MHz”	megahertz or million hertz;
“Qualifying Bank”	an institution holding a full banking licence under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) which long term issuer rating is no less than (a) one or more of the following: (i) Moody’s A2; (ii) Standard & Poor’s A; (iii) Fitch Ratings’ A; or (b) a rating of a body other than a body listed in (a) above which the Communications Authority confirms in writing that it considers to be no less than one or more of the ratings in (a);
“Re-auctioned Spectrum”	the 2 x 4.9 MHz of paired spectrum in the frequency ranges of 1969.8 - 1979.7 MHz paired with 2159.8 - 2169.7 MHz;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to such term in Listing Rules; and
“Transaction”	an exercise of the right of first refusal for acquiring the Assigned Spectrum.

By Order of the Board

Edith Shih
Company Secretary

Hong Kong, 29 August 2014

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

Chairman and Non-executive Director:

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

Deputy Chairman and Non-executive Director:

Mr LUI Dennis Pok Man

Executive Director:

Mr WONG King Fai, Peter

Non-executive Directors:

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

Independent Non-executive Directors:

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

