



## HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED

和記電訊國際有限公司

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 2332)

### Announcement

#### UNAUDITED KEY PERFORMANCE INDICATORS FOR THE THIRD QUARTER 2008

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##### HIGHLIGHTS

- Total customer base at **11.2 million**
- Network rollout in Indonesia on track
- Indonesia user base grew 12.5% quarter-on-quarter to **3.6 million**
- Strong growth in 3G customer base in Hong Kong and Israel to **2.2 million**

The Group recorded a total customer base of 11.2 million at the end of the third quarter with strong contribution from its Indonesian operation which registered 401,000 net additions. Growth was also maintained in the 3G customer base during the quarter; Hong Kong added 84,000 and Israel 67,000 3G customers representing a quarterly increase of 6.9% and 8.0% respectively. The total number of 3G customers of 2.2 million at the end of the third quarter represented 19.7% of our total customer base.

As highlighted in our second quarter announcement a review of the customer base was undertaken and completed in our Sri Lankan operation which resulted in a 229,000 downward revision in the reported customer base. This revision only impacted the key performance indicators of the operation and had no effect on the financial results and cashflow.

Our established businesses in Hong Kong and Israel continued to deliver healthy quarterly Key Performance Indicators ("KPIs") growth in over-penetrated markets. We noted that our 3G leadership in these markets will continue to position us favourably towards achieving our operational and financial goals during the year.



## OPERATIONS REVIEW

### Hong Kong and Macau

Our Hong Kong operation once again contributed a good underlying result with net additions of 62,000, of which 74% were in the postpaid segment. With the launch of iPhone 3G in mid July, our 3G customer base recorded a 6.9% growth in the quarter to over 1.3 million, representing 49% of our total customer base and approximately 50% of the 3G market in Hong Kong.

Blended Minutes of Usage ("MOU") and Average Revenue Per User ("ARPU") showed moderate growth during the quarter. Postpaid ARPU grew 1.4% in the quarter, contributed mainly by increased subscriptions of data packages and higher SMS usages. Non-voice revenue as a percentage of total revenue rose to 21.2% as compared to 18.1% in the last quarter. On a year-on-year basis postpaid ARPU was down by 1.4%, as a result mainly of greater competition on tariff. Despite the increased competition and high penetration of the market, we maintained a stable Average Revenue Per Minute ("ARPM") through the year, reflecting a sustained focus on pricing and revenue management.

Blended MOU increased to 465 minutes and blended ARPU to HK\$150.

### Indonesia

Our Indonesia operation, PT. Hutchison CP Telecommunications ("HCPT"), continued to benefit from its fast pace network rollout with the additions of more than 950 sites in the quarter and recorded net customer activations of 401,000, bringing the total user base to over 3.6 million, representing a 12.5% growth quarter-on-quarter and 121.5% growth on a yearly basis.

As stated in our second quarter announcement HCPT has started to rebalance customer peak and off peak traffic and has also in the third quarter significantly cut back promotional offers and activities. Together with the ongoing intensity in the competitive environment, this resulted in a general deterioration in KPIs for the quarter. Although we registered the immediate impact of slower growth in this transitional period, we however noted that ARPM improved to IDR177 during the quarter and run rates for KPIs showed upward trends towards the end of the third quarter.

Progress of our nationwide network rollout remained on track as planned. At the end of the third quarter we had more than 5,000 base stations on air and are on track to achieve the target of over 6,000 base stations by the end of 2008.

### Israel

Our operation in Israel, Partner Communications Company Ltd. ("Partner Communications"), had active customer base of approximately 2,882,000 at the end of the third quarter, including approximately 763,000 business subscribers (26.5% of the base), 1,382,000 postpaid private subscribers (48.0% of the base) and 737,000 prepaid subscribers (25.6% of the base). Partner Communications registered net 3G customer additions of 67,000, or a 8.0% increase quarter-on-quarter, taking Partner Communications' 3G customers to 901,000.

During the third quarter, the monthly churn rate increased to 1.3% compared with 1.1% in same quarter last year. The increase primarily reflected the tail end effect of number portability which was introduced in December 2007.



MOU was 376 minutes in the third quarter, compared with 343 minutes in the same quarter last year. ARPU in third quarter maintained at NIS166, marginally higher than NIS165 in same quarter last year.

### **Sri Lanka**

As highlighted in our second quarter announcement on KPIs and in accordance with the Sri Lankan government requirements, Hutchison Telecommunications Lanka (Private) Limited ("HTLL") tightened its policy on the recognition of a prepaid customer to ensure that sold prepaid cards are only included in the customer base after the customer has registered with HTLL the required personal details. As a result of the review a 229,000 downward revision of the reported customer base was effected in the quarter. This adjustment had no impact on the financial results and cashflow of HTLL. The restated customer base at the end of the third quarter is 958,000.

During the quarter customer and MOU growth continued to be hindered by the difficult conditions in Sri Lanka but the restated KPIs more accurately reflect the true usage pattern of the customer base in third quarter.

### **Thailand**

In the third quarter the economic and political conditions continued to impact business activities adversely. Our Thailand operation ended the quarter with 1.1 million customers, of which 38.4% are postpaid. This reflected a 2.1% decrease in the quarter but a 23.8% increase compared to the same quarter last year.

### **Overall**

While we note the deteriorating business environment in the quarter adversely impacted our operation in the growth markets, our local management teams remain focused on the fundamentals of their businesses and the Group continues to benefit from the ongoing strong performance of our established operations in Hong Kong and Israel.

### **FOK Kin-ning, Canning**

*Chairman*

Hong Kong, 12 November 2008

**Disclaimer:****NON-GAAP MEASURES**

While non-GAAP (generally accepted accounting principles) measures such as EBITDA and LBITDA are often used by companies as an indicator of operating performance, they are not expressly permitted measures under International Financial Reporting Standards and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

**FORWARD-LOOKING STATEMENTS**

This announcement contains forward-looking statements. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks, uncertainties and assumptions. The Company cautions that if these risks or uncertainties ever materialise or the assumptions prove incorrect, or if a number of important factors occur or do not occur, the Company's actual results may differ materially from those expressed or implied in any forward-looking statement. Additional information as to factors that may cause actual results to differ materially from the Company's forward-looking statements can be found in the Company's filings with the United States Securities and Exchange Commission.



**Unaudited Key Performance Indicators for Third Quarter 2008**

Customer Base	Q3 2008 30 September 2008			Q2 2008 30 June 2008			Q1 2008 31 March 2008			Q4 2007 31 December 2007			Q3 2007 30 September 2007		
	Total ('000)	Postpaid ('000)	Prepaid ('000)	Total ('000)	Postpaid ('000)	Prepaid ('000)	Total ('000)	Postpaid ('000)	Prepaid ('000)	Total ('000)	Postpaid ('000)	Prepaid ('000)	Total ('000)	Postpaid ('000)	Prepaid ('000)
Hong Kong (Incl Macau)	2,657	1,766	891	2,595	1,720	875	2,515	1,698	817	2,427	1,671	756	2,290	1,629	661
Indonesia	3,604	9	3,595	3,203	7	3,196	2,331	4	2,327	2,039	3	2,036	1,627	2	1,625
Israel	2,882	2,145	737	2,856	2,135	721	2,823	2,108	715	2,860	2,068	792	2,796	2,004	792
Sri Lanka*	958	-	958	1,291	-	1,291	1,289	-	1,289	1,141	-	1,141	1,002	-	1,002
Thailand	1,094	420	674	1,117	418	699	1,071	405	666	978	372	606	884	346	538
<b>Total</b>	<b>11,195</b>			<b>11,062</b>			<b>10,029</b>			<b>9,445</b>			<b>8,599</b>		

\*Q3 2008 customer base figure has been restated as mentioned in pages 1 and 3 of the announcement.

**Notes:**

- (1) A customer is defined as a Postpaid Customer or a Prepaid Customer who has a Subscriber Identity Module ("SIM") or Universal Subscriber Identity Module ("USIM") that has access to the network for any purpose, including voice, data or video services.
- (2) Postpaid Customers are defined as those whose mobile telecommunications service usage is paid in arrears upon receipt of the mobile telecommunications operator's invoice and who have not been temporarily or permanently suspended from service.
- (3) Prepaid Customers are defined as customers with prepaid SIM cards or prepaid USIM cards that have been activated but not been used up or expired at period end. A new prepaid customer is recognised upon making the first call or registration/activation.
- (4) All numbers quoted on the basis of the total customer base of the operation irrespective of the Company's ownership percentage.
- (5) All numbers quoted as at last day of the quarter.
- (6) The data for Hong Kong and Israel relate to both 2G and 3G services.
- (7) The data for Ghana and Vietnam are excluded.

ARPU	Market	Currency	Q3 2008 30 September 2008			Q2 2008 30 June 2008			Q1 2008 31 March 2008			Q4 2007 31 December 2007			Q3 2007 30 September 2007		
			Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid
Hong Kong (Incl Macau)	HKD	150	213	24	148	210	24	149	208	24	161	218	28	162	216	29	
Indonesia	IDR ('000)	10	134	9	12	108	12	14	120	14	15	114	15	-	-	-	
Israel	NIS	166			158			155			157			165			
Sri Lanka	LKR	181	-	181	163	-	163	193	-	193	242	-	242	287	-	287	
Thailand	THB	378	763	143	386	784	147	405	808	157	417	813	165	434	815	183	

**Notes:**

- (1) The monthly Average Revenue Per User ("ARPU") is calculated as the total Service Revenues for the month divided by the simple average number of activated customers for the month. The monthly ARPU for the quarter represents the average of the monthly ARPU in the quarter.
- (2) Service Revenues are defined as the direct recurring service revenues plus roaming revenues.
- (3) The data for Hong Kong and Israel relate to both 2G and 3G services.
- (4) The data for Ghana and Vietnam are excluded.

MOU	Market	Q3 2008 30 September 2008			Q2 2008 30 June 2008			Q1 2008 31 March 2008			Q4 2007 31 December 2007			Q3 2007 30 September 2007		
		Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid
Hong Kong (Incl Macau)		465	679	42	462	672	42	461	655	43	491	680	49	506	691	51
Indonesia		56	209	56	82	117	82	94	104	94	83	59	83	-	-	-
Israel		376			368			359			345			343		
Sri Lanka		71	-	71	54	-	54	60	-	60	69	-	69	81	-	81
Thailand		618	1,095	328	607	1,086	319	632	1,134	324	643	1,110	347	648	1,088	358

**Notes:**

- (1) The monthly Minutes of Use ("MOU") is calculated as the total minutes carried over the network (2G total airtime usage + 3G voice and video usage, but excluding inbound on-net minutes) for the month divided by the simple average number of activated custom.
- (2) The data for Hong Kong and Israel relate to both 2G and 3G services.
- (3) The data for Ghana and Vietnam are excluded.

Churn <sup>1</sup>	Market	Q3 2008 30 September 2008			Q2 2008 30 June 2008			Q1 2008 31 March 2008			Q4 2007 31 December 2007			Q3 2007 30 September 2007		
		Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid	Blended	Postpaid	Prepaid
Hong Kong (Incl Macau)		4.3%	1.6%	9.0%	4.0%	1.8%	8.0%	3.5%	1.8%	6.7%	3.3%	1.8%	6.2%	3.9%	1.8%	8.2%
Indonesia		18.1%	5.3%	18.1%	15.6%	7.9%	15.6%	17.6%	11.0%	17.6%	17.7%	16.3%	17.7%	-	-	-
Israel		1.3%			1.3%			1.7%			1.3%			1.1%		
Sri Lanka		5.0%	-	5.0%	3.8%	-	3.8%	2.9%	-	2.9%	2.4%	-	2.4%	2.2%	-	2.2%
Thailand		6.5%	3.0%	8.6%	6.0%	2.9%	7.8%	5.8%	2.7%	7.8%	5.2%	2.8%	6.8%	5.5%	3.4%	6.9%

**Notes:**

- (1) The monthly churn % is calculated as the average number of disconnections (net of reconnection and internal migration between networks) for the month divided by the simple average number of activated customers for the month. The monthly churn % for the quarter represents the average of the monthly churn rates in the quarter.
- (2) The data for Hong Kong and Israel relate to both 2G and 3G services.
- (3) The data for Ghana and Vietnam are excluded.

The Board wishes to remind investors that the above key performance indicators are based on the Group's unaudited internal records. Investors are cautioned not to unduly rely on such data.

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

**Executive Directors:**

Mr. LUI Dennis Pok Man  
Mr. Christopher John FOLL  
Mr. CHAN Ting Yu

*(Also Alternate to Mr. Lui Dennis Pok Man)*

Mr. WONG King Fai, Peter

**Independent Non-executive Directors:**

Mr. KWAN Kai Cheong  
Mr. John W. STANTON  
Mr. Kevin WESTLEY

**Non-executive Directors:**

Mr. FOK Kin-ning, Canning *(Chairman)*

Mrs. CHOW WOO Mo Fong, Susan

*(Also Alternate to Mr. Fok Kin-ning, Canning  
and Mr. Frank John Sixt)*

Mr. Frank John SIXT

**Alternate Directors:**

Mr. WOO Chiu Man, Cliff

*(Alternate to Mr. Christopher John Foll)*

Mr. MA Lai Chee, Gerald

*(Alternate to Mr. Wong King Fai, Peter)*

By Order of the Board

**Edith Shih**

*Company Secretary*

Hong Kong, 12 November 2008

