Notes to the Condensed Consolidated Interim Financial Statements

1 General Information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. Its registered office address is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company and its subsidiaries (together the "Group") used to be engaged in mobile and fixed-line telecommunications businesses. After the disposal of its fixed-line telecommunications business in October 2017 (Note 20), the Group is now principally engaged in the mobile telecommunications business in Hong Kong and Macau.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and whose American depositary shares, each representing ownership of 15 shares, are eligible for trading in the United States of America only in the over-the-counter market.

These unaudited condensed consolidated interim financial statements (the "interim financial statements") are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These interim financial statements were approved for issuance by the Board of Directors on 25 July 2018.

2 Basis of Preparation

These interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 "Interim financial reporting". These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These interim financial statements have been prepared under the historical cost convention and on a going concern basis.

On 3 October 2017, the Group completed its disposal of the entire interests in subsidiaries which operate the fixed-line telecommunications business (the "discontinued operations") to Asia Cube Global Communications Limited, a company wholly-owned by a fund managed by I Squared Capital (the "Disposal"). Since then, the Group is principally engaged in the mobile telecommunications business in Hong Kong and Macau. These interim financial statements and the comparative figures have been prepared to reflect the results of the discontinued operations separately. Further details of the Disposal and discontinued operations are set out in Note 20.

3 Significant Accounting Policies

The accounting policies applied and methods of computation used in the preparation of these interim financial statements are consistent with those used in 2017 annual financial statements, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2018. Save as disclosed in Note 4, the effect of the adoption of other new or revised standards, amendments and interpretations was not material to the results of operations or financial position of the Group.

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

IFRS 16 *Leases*

IFRS 16 specifies how an entity will recognise, measure, present and disclose leases. IFRS 16 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. The Group currently plans to adopt this new standard from 1 January 2019.

The new standard provides a single, on statement of financial position lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. With all other variables remain unchanged, the new accounting treatment will lead to a higher EBITDA and EBIT. The combination of a straight-line depreciation of the right-of-use asset and effective interest rate method applied to the lease liability results in a decreasing "total lease expense" over the lease term. In the initial years of a lease, the new standard will result in an income statement expense which is higher than the straight-line operating lease expense typically recognised under the current standard, and a lower expense after the mid-term of the lease as the interest expense reduces. The Group's profit after tax for a particular year may be affected negatively or positively depending on the maturity of the Group's overall lease portfolio in that year.

As a lessee, the Group can either apply the standard using a full retrospective approach, or a modified retrospective approach with optional practical expedients.

The transition accounting under the full retrospective approach requires entities to retrospectively apply the new standard to each prior reporting period presented. Under this transition approach, an entity will require extensive information about its leasing transactions in order to apply the standard retrospectively. This will include historical information about lease payments and discount rates. It will also include the historical information that the entity would have used in order to make the various judgements and estimates that are necessary to apply the lessee accounting model. The information will be required as at lease commencement, and also as at each date on which an entity would have been required to recalculate lease assets and liabilities on a reassessment or modification of the lease.

3 Significant Accounting Policies (Continued)

(a) New/revised standards, amendments to existing standards and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 16 *Leases* (Continued)

In view of the costs and massive complexity involved of applying the full retrospective approach, the Group is considering to adopt the modified retrospective approach. Under the modified retrospective approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of IFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of IFRS 16, i.e. 1 January 2019; and (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2019.

The new standard will affect primarily the accounting for the Group's operating leases. The Group has not yet quantified to what extent these changes will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows on adoption of IFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into.

4 Changes in Accounting Policies

This note discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods, and also explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Group's interim financial statements.

(a) IFRS 9 *Financial Instruments*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 does not have material impact to the Group, except for the methodology of impairment of financial assets. The new accounting policies in relation to impairment of financial assets are set out in below.

Impairment of financial assets

The Group has three types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables from the provision of mobile telecommunications services and from the provision of bundled transactions under contract (Note 4(b)(iii));
- contract assets relating to bundled transactions under contract (Note 4(b)(v)); and
- other financial assets at amortised cost.

4 Changes in Accounting Policies (Continued)

(a) IFRS 9 *Financial Instruments* (Continued)

The Group is required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The provision for doubtful debts for these financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected provision for doubtful debts for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers the lifetime expected loss for contract assets relating to unbilled bundled transactions under contract to be substantially the same as the trade receivables.

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include loan to a joint venture and other receivables. Applying the expected credit risk model resulted in immaterial impact on the provision for doubtful debts for these financial assets.

(b) IFRS 15 *Revenue from Contracts with Customers*

The Group has adopted IFRS 15 from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in IFRS 15, the Group has adopted the modified retrospective approach for transition to the new revenue standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of IFRS 15 is the first day of the annual reporting period in which the Group first applies the requirement of IFRS 15, i.e. 1 January 2018; (iii) the Group recognises the cumulative effect of initial application of IFRS 15 as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018; and (iv) the Group elects to apply the new standard only to contracts that are not completed contracts at 1 January 2018.

4 Changes in Accounting Policies (Continued)

(b) IFRS 15 *Revenue from Contracts with Customers* (Continued)

Accounting policies

(i) Sales of services

The Group provides mobile telecommunications and other service to customers. Revenue is recognised in the accounting period in which the services are rendered.

The credit period granted by the 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.

(ii) Sales of hardware

The Group sells telecommunications hardware to customers. Revenue is recognised upon delivery of hardware to customers and the payment is due immediately.

(iii) Bundled transactions under contracts comprising provision of mobile telecommunications services and sale of a handset device

The amount of revenue recognised for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset device element provided within the bundled contracts.

(iv) Customer acquisition and retention costs eligible for capitalisation

The incremental costs of obtaining telecommunications service contracts are those costs that would not have been incurred if the contract had not been obtained. These incremental costs are required to be capitalised as an asset when incurred, and amortised on a straight-line basis in the consolidated income statement over the minimum enforceable contractual period.

Acquisition costs related to contracts with durations less than one year are expensed as incurred.

In previous reporting periods, incremental costs of obtaining telecommunications services contracts were recognised in the consolidated income statement as incurred.

(v) Contract assets

Contract assets relating to bundled transaction under contracts are recognised when the Group has performed the service or transferred the hardware to the customer before the customer pays consideration or before payment is due.

(vi) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group performs a service or transfers a hardware to the customer.

4 Changes in Accounting Policies (Continued)

(c) Impact of adoption to the interim financial statements

The following tables illustrate the amounts by each financial statements line item affected in current period by the application of IFRS 15 as compared to IAS 18 and IAS 11 that were previously in effect before the adoption of IFRS 15 as follows:

	Six months ended 30 June 2018		
Condensed Consolidated Income Statement	Reported under current accounting policies HK$ millions	Effect of IFRS 15 HK$ millions	Balance without the adoption of IFRS 15 HK$ millions
Revenue	4,021	-	4,021
Cost of inventories sold	(2,156)	-	(2,156)
Staff costs	(190)	(29)	(219)
Expensed customer acquisition and retention costs	(73)	(51)	(124)
Depreciation and amortisation	(381)	90	(291)
Other operating expenses	(1,037)	-	(1,037)
	184	10	194
Interest and other finance income	89	-	89
Interest and other finance costs	(10)	-	(10)
Share of result of a joint venture	(2)	-	(2)
Profit before taxation	261	10	271
Taxation	(42)	(2)	(44)
Profit for the period	219	8	227
Attributable to:			
Shareholders of the Company	198	6	204
Non-controlling interests	21	2	23
	219	8	227

4 Changes in Accounting Policies (Continued)

(c) Impact of adoption to the interim financial statements (Continued)

	At 30 June 2018		
Condensed Consolidated Statement of Financial Position	Reported under current accounting policies HK$ millions	Effect under IFRS 15 HK$ millions	Balance without the adoption of IFRS 15 HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	2,134	-	2,134
Goodwill	2,155	-	2,155
Telecommunications licences	2,416	-	2,416
Customer acquisition and retention costs	141	(141)	-
Contract assets	186	(186)	-
Other non-current assets	251	-	251
Deferred tax assets	276	22	298
Investment in a joint venture	421	-	421
Total non-current assets	7,980	(305)	7,675
Current assets			
Cash and cash equivalents	9,491	-	9,491
Trade receivables and other current assets	535	407	942
Contract assets	221	(221)	-
Inventories	104	-	104
Total current assets	10,351	186	10,537
Current liabilities			
Trade and other payables	1,774	136	1,910
Contract liabilities	136	(136)	-
Current income tax liabilities	7	-	7
Total current liabilities	1,917	-	1,917
Non-current liabilities			
Other non-current liabilities	332	-	332
Total non-current liabilities	332	-	332
Net assets	16,082	(119)	15,963
CAPITAL AND RESERVES			
Share capital	1,205	-	1,205
Reserves	14,714	(90)	14,624
Total shareholders' funds	15,919	(90)	15,829
Non-controlling interests	163	(29)	134
Total equity	16,082	(119)	15,963

4 Changes in Accounting Policies (Continued)

(c) Impact of adoption to the interim financial statements (Continued)

Condensed Consolidated Statement of Financial Position	31 December 2017 As previously reported HK$ millions	Effect under IFRS 15 HK$ millions	1 January 2018 HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	2,017	-	2,017
Goodwill	2,155	-	2,155
Telecommunications licences	2,542	-	2,542
Customer acquisition and retention costs	-	151	151
Contract assets	-	157	157
Other non-current assets	214	-	214
Deferred tax assets	338	(24)	314
Investment in a joint venture	434	-	434
Total non-current assets	7,700	284	7,984
Current assets			
Cash and cash equivalents	13,717	-	13,717
Trade receivables and other current assets	950	(337)	613
Contract assets	-	180	180
Inventories	125	-	125
Total current assets	14,792	(157)	14,635
Current liabilities			
Borrowings	3,900	-	3,900
Trade and other payables	2,304	(162)	2,142
Contract liabilities	-	162	162
Current income tax liabilities	3	-	3
Total current liabilities	6,207	-	6,207
Non-current liabilities			
Other non-current liabilities	330	-	330
Total non-current liabilities	330	-	330
Net assets	15,955	127	16,082
CAPITAL AND RESERVES			
Share capital	1,205	-	1,205
Reserves	14,639	96	14,735
Total shareholders' funds	15,844	96	15,940
Non-controlling interests	111	31	142
Total equity	15,955	127	16,082

5 Revenue

Revenue comprises revenues from provision of mobile telecommunications and other service as well as sales of telecommunications hardware. An analysis of revenue is as follows:

	Six months ended 30 June	
	2018 **HK$ millions**	(Restated) 2017 HK$ millions
Mobile telecommunications and other service	**1,843**	1,944
Telecommunications hardware	**2,178**	1,173
	4,021	3,117
Timing of revenue recognition:		
Over time	**1,843**	1,944
At a point in time	**2,178**	1,173
	4,021	3,117

6 Segment Information

No segmental information for the six months ended 30 June 2018 is presented as the Group's revenue and operation results for the period were generated solely from its mobile telecommunications business. The Group's chief operating decision maker reviews the consolidated profit before taxation of the Group for the purposes of resource allocation and performance assessment.

7 Interest and Other Finance Income/(Costs), Net

	Six months ended 30 June	
	2018 HK$ millions	(Restated) 2017 HK$ millions
Interest and other finance income:		
Bank interest income	79	-
Interest income from a joint venture	10	8
Interest and other finance income from discontinued operations	-	7
	89	15
Interest and other finance costs:		
Bank loans	(1)	(35)
Notional non-cash interest accretion [(a)]	(6)	(6)
Guarantee and other finance fees	(3)	(13)
	(10)	(54)
Less: Amounts capitalised on qualifying assets	-	2
	(10)	(52)
Interest and other finance income/(costs), net	79	(37)

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

8 Taxation

	Six months ended 30 June					
	2018			2017 (Restated)		
	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong	3	39	42	-	34	34
Outside Hong Kong	1	(1)	-	1	-	1
	4	38	42	1	34	35

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2017: 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.

9 Earnings per Share

	Six months ended 30 June	
	2018 **HK$ millions**	(Restated) 2017 HK$ millions
Profit attributable to shareholders of the Company arises from:		
– Continuing operations	**198**	112
– Discontinued operations	**-**	212
	198	324

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company and on the weighted average number of ordinary shares in issue during the period as follows:

	Six months ended 30 June	
	2018	(Restated) 2017
Weighted average number of ordinary shares in issue	**4,818,896,208**	4,818,896,208
Basic earnings per share (HK cents):		
– Continuing operations	**4.11**	2.32
– Discontinued operations	**-**	4.40
	4.11	6.72

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue with the weighted average number of ordinary shares deemed to be issued assuming the exercise of the share options as follows:

	Six months ended 30 June	
	2018	(Restated) 2017
Weighted average number of ordinary shares in issue	**4,818,896,208**	4,818,896,208
Adjustments on share options	**131,973**	117,695
	4,819,028,181	4,819,013,903
Diluted earnings per share (HK cents):		
– Continuing operations	**4.11**	2.32
– Discontinued operations	**-**	4.40
	4.11	6.72

10 Dividend

	Six months ended 30 June	
	2018	2017
Interim dividend (HK$ millions)	**149**	188
Interim dividend per share (HK cents)	**3.10**	3.90

In addition, final dividend in respect of year 2017 of 4.55 HK cents per share (30 June 2017: 6.90 HK cents per share) totalling HK$219 million (30 June 2017: HK$332 million) was approved and paid during the six months ended 30 June 2018.

11 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK$282 million (30 June 2017: HK$427 million). Property, plant and equipment with a net book value of HK$0.1 million (30 June 2017: HK$0.4 million) was disposed of during the period, resulting in an insignificant gain (30 June 2017: insignificant loss).

12 Other Non-Current Assets

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Prepayments	**205**	162
Non-current deposits	**36**	37
Pension assets	**10**	15
	251	214

13 Cash and Cash Equivalents

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Cash at banks and in hand	**146**	134
Short-term bank deposits	**9,345**	13,583
	9,491	13,717

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

14 Trade Receivables and Other Current Assets

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Trade receivables	**299**	620
Less: Provision for doubtful debts	**(42)**	(47)
Trade receivables, net of provision [(a)]	**257**	573
Other receivables	**152**	253
Prepayments and deposits	**126**	124
	535	950

The carrying values of trade receivables and other receivables approximate their fair values. The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on individual commercial terms. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(a) Trade receivables, net of provision

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0 - 30 days	**137**	480
31 - 60 days	**39**	35
61 - 90 days	**22**	10
Over 90 days	**59**	48
	257	573

15 Borrowings

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Unsecured bank loans		
Repayable between 1 and 2 years	**-**	3,900

The carrying values of the Group's total borrowings as at 31 December 2017 approximated their fair values which were based on cash flows discounted using the effective interest rates of the Group's total borrowings of 2.5% per annum and were within level 2 of the fair value hierarchy. These borrowings were fully repaid on 5 January 2018.

16 Trade and Other Payables

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Trade payables[(a)]	250	406
Other payables and accruals	1,310	1,537
Deferred revenue	157	305
Current portion of licence fees liabilities	57	56
	1,774	2,304

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

(a) Trade payables

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
The ageing analysis of trade payables is as follows:		
0 – 30 days	214	374
31 – 60 days	12	5
61 – 90 days	3	3
Over 90 days	21	24
	250	406

17 Other Non-Current Liabilities

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Non-current licence fees liabilities	137	135
Accrued expenses	195	195
	332	330

18 Share Capital

(a) Authorised share capital of the Company

The authorised share capital of the Company comprises 10 billion shares of HK$0.25 each (31 December 2017: Same).

(b) Issued share capital of the Company

	Ordinary share of HK$0.25 each	
	Number of shares	Issued and fully paid HK$ millions
At 1 January 2017, 31 December 2017, 1 January 2018 and 30 June 2018	4,818,896,208	1,205

(c) Share options of the Company

The Company's share option scheme was approved on 21 May 2009. The Board of Directors may, under the share option scheme, grant share options to directors, non-executive directors or employees of the Group.

The movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Weighted average exercise price per share HK$	Number of share options granted
At 1 January 2017, 31 December 2017, 1 January 2018 and 30 June 2018	1.00	200,000

The exercise price of the share options granted is equal to the market price of the shares on the date of grant. The share options are exercisable during a period, subject to the vesting schedule, commencing on the date on which the share options are deemed to have been granted and ending on the date falling ten years from the date of grant of the share options (subject to early termination thereof). No share option was exercised during the six months ended 30 June 2018 (year ended 31 December 2017: Nil).

As at 30 June 2018, 200,000 (31 December 2017: Same) share options were exercisable.

19 Cash Generated from Operations

	Six months ended 30 June	
	2018	2017
	HK$ millions	HK$ millions
Cash flows from operating activities		
Profit before taxation including discontinued operations	**261**	425
Adjustments for:		
– Interest income	**(89)**	(8)
– Interest and other finance costs	**10**	57
– Depreciation and amortisation	**381**	792
– Capitalisation of customer acquisition and retention costs	**(80)**	–
– Share of result of a joint venture	**2**	3
Changes in working capital		
– (Increase)/decrease in trade receivables and other assets	**(29)**	1
– Decrease/(increase) in inventories	**21**	(18)
– Decrease in trade and other payables	**(335)**	(162)
– Changes in retirement benefits	**5**	8
Cash generated from operations	**147**	1,098

20 Discontinued Operations

Upon the completion of the Disposal, the Group continues to be engaged in the mobile telecommunications business in Hong Kong and Macau. As the business disposed of was considered as a separate major line of business, the corresponding operations had been presented as discontinued operations.

(a) Analysis of the results of discontinued operations is as follows:

	Six months ended 30 June 2017 HK$ millions
Discontinued operations	
Revenue	1,952
Staff costs	(199)
Expensed customer acquisition and retention costs	(47)
Depreciation and amortisation	(385)
Other operating expenses	(1,050)
	271
Interest and other finance costs, net	(12)
Profit before taxation from discontinued operations	259
Taxation	(47)
Profit for the period from discontinued operations	212

20 Discontinued Operations (Continued)

(b) Analysis of the cash flows of discontinued operations is as follows:

	Six months ended 30 June 2017 HK$ millions
Net cash inflow from operating activities	525
Net cash outflow from investing activities	(230)
Net cash outflow from financing activities	(332)
Net cash outflow from discontinued operations	(37)

21 Contingent Liabilities

The Group had contingent liabilities in respect of the following:

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Performance guarantees	**4**	4
Others	**1**	1
	5	5

22 Commitments

Outstanding commitments of the Group not provided for in these interim financial statements are as follows:

(a) Capital commitments

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

	30 June 2018 HK$ millions	31 December 2017 HK$ millions
Property, plant and equipment	**266**	444

22 Commitments (Continued)

(b) Operating lease commitments

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

	Buildings		Other assets	
	30 June 2018 HK$ millions	31 December 2017 HK$ millions	**30 June 2018 HK$ millions**	31 December 2017 HK$ millions
Not later than one year	**184**	200	**-**	1
Later than one year but not later than five years	**80**	134	**-**	-
	264	334	**-**	1

(c) Telecommunications licence fees

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

23 Related Parties Transactions

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

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel remuneration).