

# Group Capital Resources and Liquidity

## Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Director, and which are also subject to periodic review by the Group's internal audit function. Its treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing its assets and liabilities' exposure to interest rate and foreign exchange rate fluctuations. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles.

## Cash management and funding

The Group operates a central cash management system for all of its subsidiaries. Its financing is generally derived from operating income of its subsidiaries, which is mainly used to meet funding requirements. The Group regularly and closely monitors its overall cash position and determines when external source of finance is needed.

## Foreign currency exposure

The Group operates mobile telecommunications business principally in Hong Kong, with transactions denominated in Hong Kong dollars. It is exposed to other currency movements, primarily in terms of certain trade and other receivables, trade and other payables, and bank deposits denominated in United States dollars, Macau Patacas, Euros and British pounds. The Group does not currently undertake any foreign currency hedging.

## Credit exposure

The Group's holdings of surplus funds with financial institutions expose the Group to credit risk of counterparties. It controls its credit risk to non-performance by its counterparties through monitoring their share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

## Capital and Net Cash

As at 31 December 2023, the Group recorded share capital of HK\$1,205 million and total equity of HK\$9,858 million.

As at 31 December 2023, the net cash of the Group was HK\$3,684 million (2022: HK\$3,700 million), 93% of which was denominated in Hong Kong dollars with remaining in various other currencies.

## Charges on Group Assets

As at 31 December 2023, same as prior year, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

## Borrowing Facilities Available

The Group has no committed borrowing facilities as at 31 December 2023 (2022: Nil).

## Contingent Liabilities

As at 31 December 2023, the Group provided performance, financial and other guarantees of HK\$1,227 million (2022: HK\$1,139 million), including the related performance bonds on new and renewed spectrums.

## Capital Commitments

As at 31 December 2023, the Group had total capital commitments on property, plant and equipment of HK\$121 million (2022: HK\$119 million) and had no capital commitments on telecommunications licences (2022: HK\$114 million). The decrease in capital commitments on telecommunications licences was due to the fact that the Communications Authority of Hong Kong approved the transfer of a block of spectrum at the 2600 MHz spectrum band from a subsidiary to a joint venture in November 2023 for a 15-year period commencing from March 2024.