



Hutchison Telecom
Hong Kong Holdings



2022 Interim Report

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)

Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Co-Deputy Chairmen and Non-executive Directors

LUI Dennis Pok Man, BSc

WOO Chiu Man, Cliff, BSc

Executive Director

KOO Sing Fai, BSc
Chief Executive Officer

Non-executive Directors

LAI Kai Ming, Dominic, BSc, MBA
(also Alternate to FOK Kin Ning, Canning and Edith SHIH)

Edith SHIH, BSE, MA, MA, EdM, Solicitor,
FCG(CS, CGP), HKFCG(CS, CGP)(PE)

MA Lai Chee, Gerald, BCom, MA
(Alternate to LAI Kai Ming, Dominic)

Independent Non-executive Directors

IP Yuk Keung, BSc, MSc, MSc

LAN Hong Tsung, David, GBS, ISO, JP

WONG Yick Ming, Rosanna, PhD, DBE, JP

AUDIT COMMITTEE

IP Yuk Keung (*Chairman*)

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

NOMINATION COMMITTEE

WONG Yick Ming, Rosanna (*Chairman*)

Edith SHIH

IP Yuk Keung

REMUNERATION COMMITTEE

LAN Hong Tsung, David (*Chairman*)

FOK Kin Ning, Canning

IP Yuk Keung

SUSTAINABILITY COMMITTEE

Edith SHIH (*Chairman*)

KOO Sing Fai

WONG Yick Ming, Rosanna

COMPANY SECRETARY

Edith SHIH

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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Financial Highlights

	1H 2022 HK\$ million	1H 2021 HK\$ million	Change
Total revenue	2,298	2,565	-10%
Service revenue	1,558	1,630	-4%
Total EBITDA ⁽¹⁾	695	747	-7%
Total (LBIT)/EBIT ⁽²⁾	(43)	92	-147%
(Loss)/profit attributable to shareholders	(96)	31	-410%
(Loss)/earnings per share (in HK cents)	(1.99)	0.64	-410%
Special interim dividend per share (in HK cents)	-	19.80	-100%
Interim dividend per share (in HK cents)	2.28	2.28	-

Note 1: EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of a joint venture. EBITDA is defined as earnings before net interest and other finance costs, taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

Note 2: (LBIT)/EBIT represents the (LBIT)/EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. (LBIT)/EBIT is defined as losses or earnings before net interest and other finance costs and taxation. Information concerning (LBIT)/EBIT has been included in the Group's financial information and is used by many industries and investors as one measure of results from operations. The Group considers (LBIT)/EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. (LBIT)/EBIT is not a measure of financial performance under IFRS and the (LBIT)/EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. (LBIT)/EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

Chairman's Statement

The first half of 2022 showed a small setback of the economic recovery which resulted in a financial impediment for the Group. Nevertheless, the gradual easing of COVID-19 measures is expected to bring back a transition towards normality.

Challenging operational uncertainties persisted during the first half of the year, leading to a decrease in the revenue of the Group by HK\$267 million or 10% to HK\$2,298 million in the first six months of 2022. Service revenue weakened by 4% compared with the same period last year mainly due to HK\$85 million or 6% lower local service revenue from intense competition and the slowdown of corporate solution revenue in light of the tightened measures during the fifth-wave of COVID-19 in Hong Kong during the first half of 2022. This decline was partially offset by a slight improvement in roaming service revenue. Hardware and other product revenue reported a HK\$195 million or 21% drop as a result of supply chain constraints.

EBITDA decreased by HK\$52 million or 7% to HK\$695 million in the first six months of 2022. The lower EBITDA was mainly attributable to the aforementioned lower service revenue and the higher network operating costs driven by the Group's effort in building the best mobile network in Hong Kong, which was partially offset by the strengthened shop-in-shop strategy and ongoing efficiency enhancement initiatives.

LBIT was HK\$43 million which, compared to the same period last year, shifted downward by HK\$135 million or 147%. Aside from the lower service revenue and the higher network operating costs impacting EBITDA above, the decrease was mostly due to the higher depreciation and amortisation from the renewal of spectrum licence in 2021 as well as the robust investments in network infrastructure and related-technologies to cater the upsurge demand in digital experience.

Loss attributable to shareholders and loss per share were HK\$96 million and 1.99 HK cents, a 410% decrease compared to the same period last year.

As of 30 June 2022, the total number of customers in Hong Kong and Macau amounted to approximately 3.0 million, a drop of 7% from approximately 3.2 million compared with the same period last year, largely due to the real-name registration for SIM cards in Hong Kong which commenced on 1 March 2022. The decline was partially offset by the increase in postpaid, mobile broadband and SoSIM customers. Monthly churn rate of postpaid customers improved to 0.7% (1H 2021: 1.1%) mainly due to the effect of focused strategy to improve customer loyalty and the continuous effort in customer retention. Local postpaid net ARPU decreased by 7% to HK\$149 as a result of softer ARPU and slower than expected corporate solutions contributions as a result of the tightened measures during the fifth-wave of COVID-19 in Hong Kong at the beginning of 2022.

Dividend

The Board declared an interim dividend of 2.28 HK cents (2021 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2022, in line with the same period last year, payable on Friday, 2 September 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24 August 2022, being the record date for determining shareholders' entitlement to the interim dividend.

Chairman's Statement

Outlook

Although the economic conditions remain a challenge, the gradual easing of COVID-19 measures should lift business and consumer confidence.

Apart from the investments of more than HK\$3 billion in mobile network expansion and 5G network development since 2019, this year the Group has activated its commercial 5G network on 700MHz band spectrum. This 700MHz band is an optimal frequency band which increases network efficiency, enables deep indoor penetration within buildings, widens coverage in rural areas and empowers faster 5G services. The 5G broadband service of the Group, providing ultra-fast and seamless connectivity for businesses and household customers, was a great success since launch. The robust 5G network of the Group now led the way for the transition from LTE to 5G, advancing smart city development and powering digital lifestyle.

As the Group has sustained a good portfolio of loyal postpaid customers which leads to a healthier churn rate, the Board is optimistic with the business outlook, and is confident that the Group is on track to deliver solid local operating results, and will maintain a strong cash flow in the transition ahead to normal operating conditions. The ongoing investments of the Group in digitalisation unlock opportunities in the digital-focus future, embracing sustainable business strategies and ensuring that long-term value for all its stakeholders is warranted.

To conclude, I would like to thank the Board of Directors and all staff members for their continued dedication, diligence, professionalism, as well as their contributions to the Group during these unprecedented times.

FOK Kin Ning, Canning
Chairman

Hong Kong, 29 July 2022

Management Discussion and Analysis

Financial Performance Summary

	1H 2022 HK\$ million	1H 2021 HK\$ million	Change
Revenue	2,298	2,565	-10%
Net customer service revenue	1,558	1,630	-4%
• Local service revenue	1,418	1,503	-6%
• Roaming service revenue	140	127	10%
Hardware and other product revenue	740	935	-21%
• Bundled sales revenue	194	166	17%
• Standalone sales revenue	546	769	-29%
Net customer service margin	1,373	1,413	-3%
<i>Net customer service margin %</i>	88%	87%	1% point
Standalone hardware and other product sales margin	17	24	-29%
Total margin	1,390	1,437	-3%
- CACs	(259)	(234)	-11%
- Less: Bundled sales revenue	194	166	17%
CACs (net of hardware and other product revenue)	(65)	(68)	4%
Operating expenses	(658)	(651)	-1%
<i>Operating expenses as a % of net customer service margin</i>	48%	46%	-2% points
Share of EBITDA of a joint venture	28	29	-3%
EBITDA ⁽¹⁾	695	747	-7%
Service EBITDA ⁽¹⁾	678	723	-6%
<i>Service EBITDA ⁽¹⁾ margin %</i>	44%	44%	-
CAPEX (excluding telecommunications licences)	(157)	(324)	52%
EBITDA ⁽¹⁾ less CAPEX	538	423	27%
Depreciation and amortisation ⁽³⁾	(738)	(655)	-13%
(LBIT)/EBIT ⁽²⁾	(43)	92	-147%
Service (LBIT)/EBIT ⁽²⁾	(60)	68	-188%
Net interest and other finance costs ⁽³⁾	(27)	(15)	-80%
(Loss)/profit before taxation	(70)	77	-191%
Taxation ⁽³⁾	(26)	(46)	43%
(Loss)/profit attributable to shareholders	(96)	31	-410%

Note 1: EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of a joint venture. EBITDA is defined as earnings before net interest and other finance costs, taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

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Note 3: Depreciation and amortisation, net interest and other finance costs and taxation include the Group's share of joint venture's respective items.

Management Discussion and Analysis

Review of Financial Results

Revenue of the Group, consisting of service revenue and hardware and other product revenue, decreased by 10% to HK\$2,298 million (1H 2021: HK\$2,565 million) in the first half of 2022.

Service revenue weakened by 4% compared with the same period last year mainly due to HK\$85 million or 6% lower local service revenue from intense competition and the slowdown of corporate solution revenue in light of the tightened measures during the fifth-wave of COVID-19 in Hong Kong during the first half of 2022. This decline was partially offset by a slight improvement in roaming service revenue.

Hardware and other product revenue reported a HK\$195 million or 21% drop as a result of supply chain constraints and the impact of deferred launch of new smartphones from 2020 which was reflected in the first half of 2021.

Operating costs, which comprise CACs, staff costs and other operating expenses, decreased slightly by HK\$28 million or 3% to HK\$908 million (1H 2021: HK\$936 million). EBITDA decreased by HK\$52 million or 7% to HK\$695 million in the first six months of 2022. The lower EBITDA was mainly attributable to the aforementioned lower service revenue and the higher network operating costs driven by the Group's effort in building the best mobile network in Hong Kong, which was partially offset by the strengthened shop-in-shop strategy that rides on the extensive distribution network of the CKHH Group by creating sales points in Fortress, ParkNShop and Watsons, as well as ongoing efficiency enhancement initiatives.

LBIT was HK\$43 million which, compared to the same period last year, shifted downward by HK\$135 million or 147%. Aside from the lower service revenue and the higher network operating costs impacting EBITDA above, the decrease was mostly due to the higher depreciation and amortisation from the renewal of spectrum licence in 2021 as well as the robust investments in network infrastructure and related-technologies to cater the upsurge demand in digital experience.

Loss attributable to shareholders and loss per share were HK\$96 million and 1.99 HK cents, a 410% decrease compared to the same period last year. The cash and bank balances of the Group decreased from HK\$3,975 million from the beginning of 2022 to HK\$3,759 million as of 30 June 2022, mainly attributable to the distribution of 2021 final dividend in May 2022 as well as the settlement of the capital expenditure on the advanced 5G technology and network coverage expansion of the Group.

Key Performance Indicators

	1H 2022	1H 2021	Change
Number of postpaid customers ('000)	1,476	1,423	4%
Number of prepaid customers ('000)	1,538	1,810	-15%
Total customers ('000)	3,014	3,233	-7%
Postpaid customers to total customer base (%)	49%	44%	5% points
Postpaid customers' contribution to net customer service revenue (%)	90%	89%	1% point
Monthly churn rate of postpaid customers (%)	0.7%	1.1%	0.4% point
Postpaid gross ARPU (HK\$)	179	194	-8%
Postpaid net ARPU (HK\$)	161	171	-6%
Postpaid net AMPU (HK\$)	143	148	-3%
Local postpaid gross ARPU (HK\$)	167	183	-9%
Local postpaid net ARPU (HK\$)	149	160	-7%

As of 30 June 2022, the total number of customers in Hong Kong and Macau amounted to approximately 3.0 million, a drop of 7% from approximately 3.2 million compared with the same period last year, largely due to the real-name registration for SIM cards in Hong Kong which commenced on 1 March 2022. The decline was partially offset by the increase in postpaid, mobile broadband and SoSIM customers. Monthly churn rate of postpaid customers improved to 0.7% (1H 2021: 1.1%) mainly due to the effect of focused strategy to improve customer loyalty and the continuous effort in customer retention. Local postpaid net ARPU decreased by 7% to HK\$149 as a result of softer ARPU from market competition and slower than expected corporate solutions contributions as a result of the tightened measures during the fifth-wave of COVID-19 in Hong Kong at the beginning of 2022.

Net Interest and Other Finance Costs

Net interest and other finance costs (with share of a joint venture) of HK\$27 million in the first half of 2022 compared to HK\$15 million for the same period last year. The increase was primarily resulting from higher interest accretion for the renewal of spectrum licence in 2021, whilst the higher bank deposit rate from an average of 0.34% in the first half of 2021 to an average of 0.57% in the first half of 2022 was largely offset by the lower cash and bank balances subsequent to the settlement of 2021 special interim dividend in September 2021.

The Group continues to maintain a healthy financial position with cash and bank balances of HK\$3,759 million as of 30 June 2022 (31 December 2021: HK\$3,975 million).

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 10% (1H 2021: 20%) of the service revenue of the Group, decreased by 52% to HK\$157 million. This decrease was mainly due to higher capital expenditure in the first half of 2021 while most of the 5G network infrastructure has been incurred in 2021. The Group continues to examine its projects with care and discretion to ensure that resources are adequately utilised to comply with operational and technological demands.

Summary of spectrum investment

as of 30 June 2022

Spectrum band	Bandwidth	Year of expiry	Spectrum band	Bandwidth	Year of expiry
Hong Kong			Macau		
700 MHz	20 MHz	2037	900 MHz	10 MHz	2023
900 MHz	10 MHz	2026	1800 MHz	20 MHz	2023
900 MHz	10 MHz	2036	2100 MHz	10 MHz	2023
1800 MHz	30 MHz	2036			
2100 MHz	29.6 MHz	2031			
2300 MHz	30 MHz	2027			
2600 MHz	30 MHz ⁽¹⁾	2024			
2600 MHz	10 MHz ⁽¹⁾	2028			
3300 MHz	30 MHz	2034			
3500 MHz	40 MHz	2035			

(1) The spectrum band was shared under a 50/50 joint venture - Genius Brand Limited.

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 receivables or payables and bank deposits denominated in United States dollars, Macau Patacas, Renminbi, 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 30 June 2022, the Group recorded share capital of HK\$1,205 million and total equity of HK\$10,468 million.

As at 30 June 2022, the net cash of the Group was HK\$3,759 million (31 December 2021: HK\$3,975 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies. The reduction in net cash balance was mainly due to the settlement of the 2021 final dividend and the capital expenditure in relation to the network expansion.

Charges on Group Assets

As at 30 June 2022 and 31 December 2021, 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 30 June 2022 (31 December 2021: Nil).

Group Capital Resources and Liquidity

Contingent Liabilities

As at 30 June 2022, the Group provided performance, financial and other guarantees of HK\$1,222 million, including the related performance bonds on new and renewed spectrums (31 December 2021: HK\$1,117 million).

Commitments

As at 30 June 2022, the Group had total capital commitments on property, plant and equipment of HK\$118 million (31 December 2021: HK\$269 million) and telecommunications licences of HK\$114 million (31 December 2021: HK\$252 million). The decrease in capital commitments on telecommunications licences was due to investment in the 700 MHz band spectrum.

Corporate Strategy

The principle objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the financial strength and stability of the Group. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. The Chairman's Statement, and Management Discussion and Analysis contained in this interim report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objectives of the Group. The Group is focusing on sustainability and delivering business solutions that support its growth and development. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the sustainability report contained in the 2021 annual report of the Company.

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this interim report are historical in nature, and past performance does not guarantee future results of the Group. Any forward-looking statements and opinions contained in this interim report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, its Directors, employees or agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Human Resources

As at 30 June 2022, the Group employed 1,125 (31 December 2021: 1,045) staff members (full-time and part-time) and on average 1,065 (1H 2021: 972) staff members during the six months ended 30 June 2022. Staff costs during the six months ended June 2022, including directors' emoluments, totalled HK\$167 million (1H 2021: HK\$160 million).

The Group fully recognises the importance of high-quality human resources in sustaining market leadership. Salary and benefits are kept at competitive levels, while individual performance is rewarded within the general framework of the salary, bonus and incentive system of the Group, which is reviewed annually. Employees are provided with a wide range of benefits that include medical coverage, provident funds and retirement plans, and long-service awards. The Group stresses the importance of staff development and provides training programmes on an ongoing basis. Employees are also encouraged to play an active role in community care activities.

Sustainability

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its corporate social responsibility and sustainability objectives to the strategic development of its businesses. The Group is committed to contributing to sustainable living by providing connectivity and innovative services to its customers, while engaging in responsible and ethical business actions that build trust with all its stakeholders. The Group's sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability. It is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the Sustainability Working Group, the Governance Working Group and the Cyber Security Working Group as well as the sustainability functions embedded across the businesses.

The overall sustainability approach and priorities of the Group are built on four pillars - Environmental, Social, Governance and Sustainable Business Model and Innovation. Under these pillars, nine goals form the foundational approach of the sustainability strategy of the Group with four goals as the priority focus areas for 2021 and 2022.

Review of Interim Financial Statements

The interim financial statements of the Group for the six months ended 30 June 2022 have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The independent review report of the auditor is set out on page 19 of this interim report. The interim financial statements of the Group for the six months ended 30 June 2022 have also been reviewed by the Audit Committee of the Company.

Record Date for Interim Dividend

The record date for determining the entitlement of shareholders to the interim dividend is Wednesday, 24 August 2022. In order to qualify for the interim dividend payable on Friday, 2 September 2022, 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 Wednesday, 24 August 2022.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, 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 and 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 as otherwise notified to the Company and the Stock Exchange pursuant to the HTHKH Securities Code were as follows:

(I) 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)	0.0249%
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%
Koo Sing Fai	Interest of spouse	Family interest	20,000	0.0004%

Note:

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

(II) 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 30 June 2022, the following interests:

- (i) corporate interests in 6,011,438 ordinary shares, representing approximately 0.15% of the issued voting shares, in CKHH; 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 30 June 2022, 8,892 ordinary shares, representing approximately 0.0002% of the issued voting shares, in CKHH, 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 30 June 2022, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKHH.

Ms Edith Shih had, as at 30 June 2022, 192,187 ordinary shares, representing approximately 0.0050% of the issued voting shares, in CKHH, comprising personal interests in 187,125 ordinary shares held in her capacity as a beneficial owner and family interests in 5,062 ordinary shares held by her spouse.

Mr Ip Yuk Keung had, as at 30 June 2022, other interest in the following interests held jointly with another person:

- (i) 100,000 ordinary shares, representing approximately 0.0026% of the issued voting shares, in CKHH; and
- (ii) a nominal amount of US\$250,000 in the 3.5% Notes due 2027 issued by CK Hutchison International (17) Limited.

Dr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 30 June 2022, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKHH.

Save as disclosed above, as at 30 June 2022, 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) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the HTHKH Securities Code.

Disclosure of Interests

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and chief executive of the Company are aware, as at 30 June 2022, other than the interests and short positions of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Names	Capacity	Number of shares held	Total	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	Interest of a controlled corporation	23,689,889 ⁽¹⁾)		
	Beneficial owner	3,161,292,951 ⁽²⁾)	3,184,982,840	66.09%
Gensis Lake Limited ("GLL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Dynamic Zamia Limited ("DZL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CK Hutchison Group Telecom Holdings Limited ("CKHGT")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Barusley Limited ("BL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Askern Peak Limited ("APL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CK Hutchison Global Investments Limited ("CKHGI")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CKHH	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Names	Capacity	Number of Shares held	Total	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	153,280 ⁽³⁾)	404,132,779	8.38%
	Interest of controlled corporations	403,979,499 ⁽⁴⁾⁽⁵⁾⁽⁶⁾)		
Li Tzar Kuoi, Victor	Discretionary beneficiary of discretionary trusts	153,280 ⁽³⁾)	353,638,029	7.33%
	Interest of controlled corporations	353,292,749 ⁽⁴⁾⁽⁵⁾⁽⁷⁾)		
	Interest of child	192,000 ⁽⁸⁾)		
Li Ka Shing Foundation Limited ("LKSF")	Beneficial owner	350,527,953 ⁽⁵⁾	350,527,953	7.27%

Notes:

- (1) Cheung Kong Enterprises Limited ("Cheung Kong Enterprises", a direct wholly-owned subsidiary of HTIHL) holds 23,689,889 shares of the Company. By virtue of the SFO, HTIHL was deemed to be interested in the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (2) HTIHL is a direct wholly-owned subsidiary of GLL. GLL in turn is a direct wholly-owned subsidiary of DZL. DZL in turn is a direct wholly-owned subsidiary of CKHGT. CKHGT in turn is a direct wholly-owned subsidiary of BL. BL in turn is a direct wholly-owned subsidiary of APL. APL in turn is a direct wholly-owned subsidiary of CKHGI. CKHGI in turn is a direct wholly-owned subsidiary of CKHH. By virtue of the SFO, each of CKHH, CKHGI, APL, BL, CKHGT, DZL and GLL was deemed to be interested in the 3,161,292,951 shares of the Company held by HTIHL and the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (3) Mr Li Ka-shing is the settlor of each of two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in The Li Ka-Shing Castle Trust ("UT3") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of UT3 holds 153,280 shares of the Company.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid. Each of the trustee of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any shares of the Company comprising the trust assets of UT3.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO, and by virtue of the above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the 153,280 shares of the Company held by TUT3 as trustee of UT3 under the SFO as substantial shareholders of the Company.

Disclosure of Interests

- (4) Among those shares, 245,546 shares are held by Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
- (5) Among those shares, 350,527,953 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (6) Among those shares, 53,206,000 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (7) Among those shares, 2,519,250 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (8) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

Save as disclosed above, as at 30 June 2022, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Scheme

The Company's share option scheme expired on 20 May 2019 and there are no outstanding share options under the scheme. The Group has no other share option scheme.

Corporate Governance

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

Compliance with the Corporate Governance Code

The Company has complied throughout the six months ended 30 June 2022 with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted its own HTHKH Securities Code regulating Directors' dealings in securities (Group and otherwise) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all Directors have confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the six months ended 30 June 2022.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of the 2021 Annual Report are set out below:

Director	Details of changes
Ip Yuk Keung	<p>Appointed as:</p> <ul style="list-style-type: none">- Chairman of Career Development Advisory Council of The Hong Kong University of Science and Technology ("HKUST") on 1 February 2022- Senior Advisor to the Dean of the School of Business and Management of HKUST on 1 April 2022 <p>Ceased to be a Council Member of HKUST on 31 March 2022</p>

Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors of
Hutchison Telecommunications Hong Kong Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements set out on pages 20 to 33, which comprises the condensed consolidated statement of financial position of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and 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 period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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.

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". A review of condensed consolidated interim financial statements 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 condensed consolidated interim financial statements of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 July 2022

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Note	Unaudited 2022 HK\$ million	Unaudited 2021 HK\$ million
Revenue	4	2,298	2,565
Cost of inventories sold		(723)	(911)
Staff costs		(167)	(160)
Expensed customer acquisition and retention costs		(17)	(32)
Depreciation and amortisation		(715)	(632)
Other operating expenses	6	(724)	(744)
		(48)	86
Interest and other finance income	7	15	13
Interest and other finance costs	7	(38)	(23)
Share of result of a joint venture		(2)	(2)
(Loss)/profit before taxation		(73)	74
Taxation	8	(23)	(43)
(Loss)/profit and total comprehensive (loss)/ income for the period attributable to shareholders of the Company, net of tax		(96)	31
(Loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic and diluted	9	(1.99)	0.64

Details of interim dividend payable to shareholders of the Company are set out in Note 10. The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Note	Unaudited 30 June 2022 HK\$ million	Audited 31 December 2021 HK\$ million
Non-current assets			
Property, plant and equipment	11	2,918	3,001
Goodwill		2,155	2,155
Telecommunications licences		3,853	3,900
Right-of-use assets		501	467
Customer acquisition and retention costs		176	165
Contract assets		153	159
Other non-current assets	12	387	403
Deferred tax assets		3	4
Investment in a joint venture		185	215
Total non-current assets		10,331	10,469
Current assets			
Cash and cash equivalents	13	560	1,414
Short-term bank deposits with original maturity beyond 3 months	13	3,199	2,561
Trade receivables and other current assets	14	815	729
Contract assets		167	177
Inventories		59	96
Total current assets		4,800	4,977
Current liabilities			
Trade and other payables	15	1,569	1,693
Contract liabilities		157	163
Lease liabilities		310	289
Total current liabilities		2,036	2,145
Non-current liabilities			
Lease liabilities		150	128
Deferred tax liabilities		22	-
Other non-current liabilities	16	2,455	2,358
Total non-current liabilities		2,627	2,486
Net assets		10,468	10,815
Capital and reserves			
Share capital	17	1,205	1,205
Reserves		9,263	9,610
Total equity		10,468	10,815

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited						
	Share capital HK\$ million	Share premium HK\$ million	Accumulated losses HK\$ million	Exchange reserve HK\$ million	Pension reserve HK\$ million	Other reserves ⁽ⁱ⁾ HK\$ million	Total HK\$ million
At 1 January 2022	1,205	11,185	(1,552)	1	265	(289)	10,815
Loss for the period	-	-	(96)	-	-	-	(96)
Dividend relating to 2021 paid in 2022 (Note 10)	-	-	(251)	-	-	-	(251)
At 30 June 2022	1,205	11,185	(1,899)	1	265	(289)	10,468
At 1 January 2021	1,205	11,185	(241)	1	186	(289)	12,047
Profit for the period	-	-	31	-	-	-	31
Dividend relating to 2020 paid in 2021 (Note 10)	-	-	(251)	-	-	-	(251)
At 30 June 2021	1,205	11,185	(461)	1	186	(289)	11,827

(i) In prior years, the Group acquired the interests in certain subsidiaries held by the non-controlling shareholders. The other reserves mainly represent the difference between the consideration paid for the additional interests acquired by the Group and the proportionate share of the carrying amount of net assets of these subsidiaries.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Unaudited 2022 HK\$ million	Unaudited 2021 HK\$ million
Cash flows from operating activities			
Cash generated from operations	18	558	1,162
Interest and other finance costs paid		(9)	(12)
Net cash from operating activities		549	1,150
Cash flows from investing activities			
Purchases of property, plant and equipment		(157)	(324)
Additions to telecommunications licences		(138)	(500)
Increase in short-term bank deposits with original maturity beyond 3 months		(638)	-
Interest received		6	11
Loan to a joint venture		(23)	(29)
Net cash used in investing activities		(950)	(842)
Cash flows from financing activities			
Principal elements of lease payments		(202)	(202)
Dividend paid	10	(251)	(251)
Net cash used in financing activities		(453)	(453)
Decrease in cash and cash equivalents		(854)	(145)
Cash and cash equivalents at 1 January		1,414	5,251
Cash and cash equivalents at 30 June	13	560	5,106

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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”) are engaged in 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.

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 29 July 2022.

2 Basis of Preparation

These interim financial statements for the six months ended 30 June 2022 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 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These interim financial statements have been prepared under the historical cost convention, except that defined benefit plans plan assets are measured at fair values, and on a going concern basis.

Management has assessed the potential cash generation and the liquidity of the Group, and mitigating actions about Coronavirus Disease 2019 (“COVID-19”) which have been and may be taken to reduce discretionary spending, other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, management has determined that, at the date on which the interim financial statements were approved for issuance, the use of the going concern basis to prepare the interim financial statements is appropriate.

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 the 2021 annual financial statements except as described in (a) below.

(a) Amendments to existing standards adopted by the Group

During the six months ended 30 June 2022, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2022:

Annual Improvement Projects	Annual Improvements 2018 - 2020 Cycle
IAS 16 (Amendments)	Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework

The adoption of these amendments to existing standards does not have a material impact to the Group's results of operations or financial position.

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

The following new standard and amendments to existing standards have been issued but are not yet effective for the six months ended 30 June 2022:

IAS 1 (Amendments) ⁽ⁱ⁾	Classification of Liabilities as Current or Non-Current
IAS 1 and IFRS Practice Statement 2 (Amendments) ⁽ⁱ⁾	Disclosure of Accounting Policies
IAS 8 (Amendments) ⁽ⁱ⁾	Definition of Accounting Estimates
IAS 12 (Amendments) ⁽ⁱ⁾	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 4 (Amendments) ⁽ⁱ⁾	Expiry Date of the Deferral Approach
IFRS 10 and IAS 28 (Amendments) ⁽ⁱⁱ⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 17 ⁽ⁱ⁾	Insurance Contracts

(i) Effective for annual periods beginning on or after 1 January 2023

(ii) The original effective date of 1 January 2016 has been postponed until future announcement by the International Accounting Standards Board

The Group is in the process of making an assessment of the impact of these new standard and amendments to existing standards upon initial application.

Notes to The Condensed Consolidated Interim Financial Statements

4 Revenue

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

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Mobile telecommunications and other related services	1,558	1,630
Telecommunications hardware and other products	740	935
	2,298	2,565

Disaggregation of revenue

The Group's revenue from the provision of services and delivery of goods by timing of satisfaction of performance obligations is as follows:

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Timing of revenue recognition:		
Over time	1,558	1,630
At a point in time	740	935
	2,298	2,565

5 Segment Information

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

6 Other Operating Expenses

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Cost of services provided ⁽ⁱ⁾	685	679
General administrative and distribution costs	80	52
Expenses for short-term leases	16	17
Auditors' remuneration	3	3
Loss allowance provision	10	-
Employment and other subsidies ⁽ⁱⁱ⁾	(8)	(7)
Compensation income ⁽ⁱⁱⁱ⁾	(62)	-
Total	724	744

(i) Include interconnection charges, roaming costs and other network operating costs.

(ii) Benefits received from governments and other companies under COVID-19 related employment and other support schemes.

(iii) Compensation income received from third party in relation to early termination of contract.

7 Interest and Other Finance Costs, Net

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Interest and other finance income:		
Bank interest income	11	8
Interest income from a joint venture	4	5
	15	13
Interest and other finance costs:		
Notional interest accretion ⁽ⁱ⁾	(33)	(18)
Guarantee and other finance fees	(5)	(5)
	(38)	(23)
Interest and other finance costs, net	(23)	(10)

(i) Notional 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 lease liabilities, licence fees liabilities and assets retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

Notes to The Condensed Consolidated Interim Financial Statements

8 Taxation

	Six months ended 30 June					
	Current taxation HK\$ million	2022 Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	2021 Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	-	23	23	-	43	43

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2021: 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.

9 (Loss)/earnings per Share

The calculation of basic (loss)/earnings per share is based on loss attributable to shareholders of the Company of HK\$96 million (30 June 2021: profit of HK\$31 million) and on the weighted average number of 4,819,096,208 (30 June 2021: Same) ordinary shares in issue during the period.

The diluted (loss)/earnings per share for the six months ended 30 June 2022 is the same as basic (loss)/earnings per share as there were no potential dilutive shares during the period (30 June 2021: Same).

10 Dividends

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Interim dividend of 2.28 HK cents per share (30 June 2021: 2.28 HK cents per share)	110	110
Special interim dividend, paid of 19.80 HK cents per share	-	954
	110	1,064

In addition, final dividend in respect of year 2021 of 5.21 HK cents per share (year 2020: 5.21 HK cents per share) totalling HK\$251 million (30 June 2021: HK\$251 million) was approved and paid during the six months ended 30 June 2022.

11 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$157 million (30 June 2021: HK\$324 million). Property, plant and equipment with a net book value of HK\$0.1 million (30 June 2021: HK\$0.3 million) was disposed of during the period, resulting in an insignificant loss (30 June 2021: insignificant loss).

12 Other Non-Current Assets

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Prepayments	285	291
Non-current deposits	23	25
Pension assets	79	87
	387	403

13 Cash and Bank Balances

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Cash at banks and in hand	178	186
Short-term bank deposits with original maturity within 3 months	382	1,228
Cash and cash equivalents	560	1,414
Short-term bank deposits with original maturity beyond 3 months	3,199	2,561
	3,759	3,975

The carrying values of cash and bank balances approximate their fair values.

14 Trade Receivables and Other Current Assets

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Trade receivables ^(a)	351	330
Less: Loss allowance provision	(47)	(41)
Trade receivables, net of provision	304	289
Other receivables	61	35
Prepayments and deposits	450	405
	815	729

The carrying values of trade receivables, other receivables and deposits approximate their fair values. The Group has established credit policies for customers. The credit periods granted for trade receivables range from 14 to 45 days, or a longer period for corporate or carrier customers based on the 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

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
The ageing analysis of trade receivables presented based on invoice date, is as follows:		
0 - 30 days	141	171
31 - 60 days	48	40
61 - 180 days	68	49
Over 180 days	94	70
	351	330

15 Trade and Other Payables

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Trade payables ^(a)	158	133
Other payables and accruals ^(b)	1,097	1,282
Receipts in advance	137	147
Current portion of licence fees liabilities	177	131
	1,569	1,693

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

15 Trade and Other Payables (continued)

(a) Trade payables

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	79	50
31 - 60 days	14	12
61 - 90 days	6	5
Over 90 days	59	66
	158	133

(b) Other payables and accruals

Other payables and accruals mainly represent payables and accruals for capital expenditures and network-related cost payables.

16 Other Non-Current Liabilities

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Non-current licence fees liabilities	2,206	2,109
Assets retirement obligations	249	249
	2,455	2,358

17 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 2021: Same).

(b) Issued share capital of the Company

	Number of shares	Ordinary share of HK\$0.25 each Issued and fully paid HK\$ million
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	4,819,096,208	1,205

18 Cash Generated from Operations

	Six months ended 30 June	
	2022 HK\$ million	2021 HK\$ million
Cash flows from operating activities		
(Loss)/profit before taxation	(73)	74
Adjustments for:		
- Interest and other finance income	(15)	(13)
- Interest and other finance costs	38	23
- Depreciation and amortisation	715	632
- Capitalisation of customer acquisition and retention costs	(90)	(79)
- Share of result of a joint venture	2	2
- (Increase)/decrease in trade receivables and other assets	(57)	172
- Decrease/(increase) in inventories	37	(10)
- (Decrease)/increase in trade and other payables, and licence fees liabilities	(7)	355
- Changes in retirement benefits	8	6
Cash generated from operations	558	1,162

Non-cash transactions from investing activities

Save as disclosed in elsewhere in the interim financial statements, the non-cash transactions during the six months ended 30 June 2022 include (i) the network access fee payable to a joint venture of HK\$55 million (30 June 2021: HK\$57 million) and (ii) the interest income from the loan to a joint venture of HK\$4 million (30 June 2021: HK\$5 million), which have been settled by offsetting the loan to a joint venture.

19 Contingent Liabilities

The Group had contingent liabilities in respect of the following:

	30 June 2022 HK\$ million	31 December 2021 HK\$ million
Performance guarantees	284	234
Financial guarantees	937	882
Others	1	1
	1,222	1,117

The contingent liabilities mainly comprise of the performance guarantees and financial guarantees provided to the Communications Authority of Hong Kong ("CA"). The Group is required to lodge a performance bond with the CA to guarantee (i) the network and service rollout requirement and (ii) to maintain at all times throughout the whole assignment term for payment of the Spectrum Utilisation Fee ("SUF") payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years, in respect of those spectrums which the Group elected to pay annually in 15 instalments.

20 Commitments

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

	30 June 2022	31 December 2021
	HK\$ million	HK\$ million
Property, plant and equipment	118	269
Telecommunications licences	114	252
	232	521

On 27 October 2021, Hutchison Telephone Company Limited ("HTCL"), a subsidiary of the Group, successfully bid two blocks of 10 MHz spectrum at the 700 MHz band and a block of 10 MHz spectrum at the 2600 MHz band (collectively, the "2021 Bidded Spectrums"), for a 15-year period (commencing June 2022 for the 700 MHz band and March 2024 for the 2600 MHz band) at aggregate SUFs of HK\$252 million. SUFs for the 2021 Bidded Spectrums are payable either (i) in full as a lump sum payment upfront (by May 2022 for the 700 MHz band and January 2024 for the 2600 MHz band); or (ii) annually in 15 instalments with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2% ("15 Annual Instalments"). As at 31 December 2021, standby letters of credit of HK\$252 million that covered the aggregate SUFs for the 2021 Bidded Spectrums were issued in favour of the CA.

In May 2022, the Group has determined to settle the aggregate SUFs for the 700 MHz band by 15 Annual Instalments. During the six months ended 30 June 2022, the Group recognised telecommunications licences of HK\$138 million for the 700 MHz band, which represents the net present value of the consideration payable for telecommunications licences acquired (Notes 15 and 16).

21 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 transaction has 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).

Supplementary Financial Information

Reconciliation of Key Financial Information between Condensed Consolidated Statement of Comprehensive Income and Management Discussion and Analysis Section

	Six months ended 30 June					
	Company and Subsidiaries HK\$ million	2022 Joint Venture HK\$ million	Total HK\$ million	Company and Subsidiaries HK\$ million	2021 Joint Venture HK\$ million	Total HK\$ million
EBITDA ⁽ⁱ⁾	667	28	695	718	29	747
Depreciation and amortisation	(715)	(23)	(738)	(632)	(23)	(655)
(LBIT)/EBIT ⁽ⁱⁱ⁾	(48)	5	(43)	86	6	92
Interest and other finance income	15	-	15	13	-	13
Interest and other finance costs	(38)	(4)	(42)	(23)	(5)	(28)
Share of result of a joint venture	(2)	2	-	(2)	2	-
(Loss)/profit before taxation	(73)	3	(70)	74	3	77
Taxation	(23)	(3)	(26)	(43)	(3)	(46)
(Loss)/profit attributable to shareholders of the Company	(96)	-	(96)	31	-	31

(i) EBITDA is defined as earnings before interest and other finance income, interest and other finance costs, taxation, and depreciation and amortisation.

(ii) (LBIT)/EBIT is defined as (losses)/earnings before interest and other finance income, interest and other finance costs, and taxation.

Glossary

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

Terms	Definitions
"Board"	the Board of Directors
"CACs"	expensed customer acquisition and retention costs plus the related staff costs, rental and other expenses
"CKHH"	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)
"CKHH Group"	CKHH and its subsidiaries
"Company" or "HTHKH"	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)
"COVID-19"	coronavirus disease 2019
"Director(s)"	director(s) of the Company
"EBIT/LBIT"	earnings or losses before net interest and other finance costs, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance costs, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HTHKH Securities Code"	Model Code for Securities Transactions by Directors
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"interim financial statements"	unaudited condensed consolidated interim financial statements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"net customer service margin"	net customer service revenue less direct variable costs (including interconnection charges and roaming costs)

Glossary

Terms	Definitions
"Postpaid gross ARPU"	monthly average spending per postpaid user including a customer's contribution to mobile devices and other products in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to hardware and other product under the non-subsidised hardware and other product business model
"service EBITDA/EBIT/LBIT"	EBITDA/EBIT/LBIT excluding standalone hardware and other product sales margin
"SFO"	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

Information for Shareholders

Listing

The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Stock Code

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Financial Calendar

Record Date for 2022 Interim Dividend: 24 August 2022
Payment of 2022 Interim Dividend: 2 September 2022

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Investor Information

Corporate press releases, financial reports and other investor information are available online at the website of the Company.

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