

# 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 28 July 2023.

## 2 Basis of Preparation

These interim financial statements for the six months ended 30 June 2023 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 2022, 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.

### 3 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 2022 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 2023, 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 2023:

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform - Pillar Two Model Rules

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) Amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments to existing standards have been issued but are not yet effective for the six months ended 30 June 2023:

IAS 1 (Amendments) <sup>(i)</sup>	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) <sup>(i)</sup>	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments) <sup>(i)</sup>	Supplier Finance Arrangements
IFRS 10 and IAS 28 (Amendments) <sup>(ii)</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) <sup>(i)</sup>	Lease Liability in a Sale and Leaseback

(i) Effective for annual periods beginning on or after 1 January 2024

(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 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	
	2023 HK\$ million	2022 HK\$ million
Mobile telecommunications and other related services	1,793	1,558
Telecommunications hardware and other products	535	740
	<b>2,328</b>	<b>2,298</b>

#### 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	
	2023 HK\$ million	2022 HK\$ million
Timing of revenue recognition:		
Over time	1,793	1,558
At a point in time	535	740
	<b>2,328</b>	<b>2,298</b>

### 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	
	2023 HK\$ million	2022 HK\$ million
Cost of services provided <sup>(i)</sup>	829	685
General administrative and distribution costs	50	80
Expenses for short-term leases	15	16
Auditors' remuneration	3	3
Loss allowance provision	13	10
Employment and other subsidies <sup>(ii)</sup>	(5)	(8)
Compensation income <sup>(iii)</sup>	-	(62)
<b>Total</b>	<b>905</b>	<b>724</b>

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

(ii) Benefits received from governments and other companies under employment and other support schemes.

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

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

	Six months ended 30 June	
	2023 HK\$ million	2022 HK\$ million
Interest and other finance income:		
Bank interest income	84	11
Interest income from a joint venture	7	4
	<b>91</b>	<b>15</b>
Interest and other finance costs:		
Notional interest accretion <sup>(i)</sup>	(34)	(33)
Guarantee and other finance fees	(4)	(5)
	<b>(38)</b>	<b>(38)</b>
<b>Interest and other finance income/(costs), net</b>	<b>53</b>	<b>(23)</b>

(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					
	2023			2022		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	2	25	27	-	23	23

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2022: 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 per Share

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$19 million (30 June 2022: HK\$96 million) and on the weighted average number of 4,819,096,208 (30 June 2022: Same) ordinary shares in issue during the period.

The diluted loss per share for the six months ended 30 June 2023 is the same as basic loss per share as there were no potential dilutive shares during the period (30 June 2022: Same).

### 10 Dividends

	Six months ended 30 June	
	2023	2022
Interim dividend (HK\$ million)	110	110
Interim dividend per share (HK cents)	2.28	2.28

In addition, final dividend in respect of year 2022 of 5.21 HK cents per share (year 2021: 5.21 HK cents per share) totalling HK\$251 million (30 June 2022: HK\$251 million) was approved and paid during the six months ended 30 June 2023.

## 11 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$163 million (30 June 2022: HK\$157 million). Property, plant and equipment with a net book value of HK\$0.4 million (30 June 2022: HK\$0.1 million) was disposed of during the period, resulting in an insignificant loss (30 June 2022: insignificant loss).

## 12 Other Non-Current Assets

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Prepayments	256	287
Non-current deposits	32	30
Pension assets	43	44
	<b>331</b>	361

## 13 Cash and Bank Balances

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Cash at banks and in hand	97	165
Short-term bank deposits with original maturity within 3 months	717	2,922
Cash and cash equivalents	<b>814</b>	3,087
Short-term bank deposits with original maturity beyond 3 months	<b>2,904</b>	613
	<b>3,718</b>	3,700

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

## 14 Trade Receivables and Other Current Assets

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Trade receivables <sup>(a)</sup>	380	375
Less: Loss allowance provision	(68)	(57)
Trade receivables, net of provision	312	318
Other receivables	113	75
Prepayments and deposits	458	391
	<b>883</b>	<b>784</b>

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 2023 HK\$ million	31 December 2022 HK\$ million
The ageing analysis of trade receivables presented based on invoice date is as follows:		
0 - 30 days	160	162
31 - 60 days	51	62
61 - 180 days	63	61
Over 180 days	106	90
	<b>380</b>	<b>375</b>

## 15 Trade and Other Payables

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Trade payables <sup>(a)</sup>	197	197
Other payables and accruals <sup>(b)</sup>	1,094	1,149
Receipts in advance	155	159
Current portion of licence fees liabilities	181	144
	<b>1,627</b>	<b>1,649</b>

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

## 15 Trade and Other Payables (Continued)

## (a) Trade payables

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	67	67
31 - 60 days	9	25
61 - 90 days	2	7
Over 90 days	119	98
	<b>197</b>	197

## (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 2023 HK\$ million	31 December 2022 HK\$ million
Non-current licence fees liabilities	2,080	2,113
Assets retirement obligations	258	258
	<b>2,338</b>	2,371

## 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 2022: 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 2022, 31 December 2022, 1 January 2023 and 30 June 2023	4,819,096,208	1,205

## 18 Cash Generated from Operations

	Six months ended 30 June	
	2023 HK\$ million	2022 HK\$ million
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	8	(73)
Adjustments for:		
- Interest and other finance income	(91)	(15)
- Interest and other finance costs	38	38
- Depreciation and amortisation	739	715
- Capitalisation of customer acquisition and retention costs	(86)	(90)
- Share of result of a joint venture	2	2
- Increase in trade receivables and other assets	(19)	(57)
- Decrease in inventories	31	37
- Decrease in trade and other payables, and licence fees liabilities	-	(7)
- Decrease in pension assets	1	8
Cash generated from operations	<b>623</b>	558

### 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 2023 include (i) the network access fee payable to a joint venture of HK\$61 million (30 June 2022: HK\$55 million) and (ii) the interest income from the loan to a joint venture of HK\$7 million (30 June 2022: HK\$4 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 2023 HK\$ million	31 December 2022 HK\$ million
	Performance guarantees	134
Financial guarantees	961	953
Others	2	2
	<b>1,097</b>	1,139

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 Capital Commitments

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

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Property, plant and equipment	<b>202</b>	119
Telecommunications licences	<b>114</b>	114
	<b>316</b>	233

On 27 October 2021, Hutchison Telephone Company Limited, a subsidiary of the Group, successfully bid a block of 10 MHz spectrum at the 2600 MHz band for a 15-year period commencing March 2024 at aggregate SUFs of HK\$114 million. SUFs are payable either (i) in full as a lump sum payment upfront by January 2024; 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%. As at 30 June 2023 and 31 December 2022, standby letter of credit in the same amount that covered the aggregate SUFs was issued in favour of the CA.

## 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).