

# 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, 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 2023, the Group recorded share capital of HK\$1,205 million and total equity of HK\$9,998 million.

As at 30 June 2023, the net cash of the Group was HK\$3,718 million (31 December 2022: HK\$3,700 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies.

## Charges on Group Assets

As at 30 June 2023 and 31 December 2022, 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 30 June 2023 (31 December 2022: Nil).

### Contingent Liabilities

As at 30 June 2023, the Group provided performance, financial and other guarantees of HK\$1,097 million (31 December 2022: HK\$1,139 million), including the related performance bonds on new and renewed spectrums.

### Capital Commitments

As at 30 June 2023, the Group had total capital commitments on property, plant and equipment of HK\$202 million (31 December 2022: HK\$119 million) and telecommunications licences of HK\$114 million (31 December 2022: HK\$114 million).

### Corporate Strategy

The principal 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 Group's performance and the basis on which the Group generates or preserves value in the longer term and delivers the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information about the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the Group's sustainability report contained in the 2022 Annual Report.

### 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, the Directors, employees and 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 2023, the Group employed 1,204 (31 December 2022: 1,155) staff members (full-time and part-time) and on average 1,146 (1H 2022: 1,065) staff members during the six months ended 30 June 2023. Staff costs during the six months ended June 2023, including directors' emoluments, totalled HK\$175 million (1H 2022: HK\$167 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.

## Group Capital Resources and Liquidity

### Sustainability

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its sustainability objectives to the strategic development of its businesses. The collaborative approach of the Group combined with its supreme network and advanced technology enables the delivery of secure, seamless and innovative solutions. This accordingly supports the United Nations Sustainable Development Goals in building sustainable, inclusive and digitally-enabled societies while engaging in responsible and ethical business actions with all its stakeholders.

The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability, which 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, the Security Committee and business units. This governance structure guides the Group in implementing sustainability strategies, managing goals, setting targets and reporting processes, strengthening relationships with its stakeholders, and ensuring accountability across its businesses.

Currently, the Group has identified eight goals with three goals as priority focus areas to guide its strategy on sustainable development. These goals have been arranged into four sustainability pillars - Environmental, Social, Governance and Sustainable Business Model and Innovation, and mapped to the United Nations Sustainable Development Goals.

### Review of Interim Financial Statements

The interim financial statements of the Group for the six months ended 30 June 2023 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 18 in this interim report. The interim financial statements of the Group for the six months ended 30 June 2023 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, 23 August 2023. In order to qualify for the interim dividend payable on Friday, 1 September 2023, 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, 23 August 2023.

### Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.