

# 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 30 July 2024.

## 2 Basis of Preparation

These interim financial statements for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with IFRS Accounting Standards.

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 Material Accounting Policies

The material accounting policies applied and methods of computation used in the preparation of these interim financial statements are consistent with those used in the 2023 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 2024, 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 2024:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback

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

The following new standards and amendments to existing standards have been issued but are not yet effective for the six months ended 30 June 2024:

Annual Improvement Projects <sup>(ii)</sup>	Annual Improvements – Volume 11
IAS 21 (Amendments) <sup>(i)</sup>	Lack of Exchangeability
IFRS 7 and IFRS 9 (Amendments) <sup>(iii)</sup>	Classification and Measurement of Financial Instruments
IFRS 10 and IAS 28 (Amendments) <sup>(iv)</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 18 <sup>(iii)</sup>	Presentation and Disclosures in Financial Statements
IFRS 19 <sup>(iii)</sup>	Subsidiaries without Public Accountability: Disclosures

(i) Effective for annual periods beginning on or after 1 January 2025

(ii) Effective for annual periods beginning on or after 1 January 2026

(iii) Effective for annual periods beginning on or after 1 January 2027

(iv) 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 standards and amendments to existing standards upon initial application.

## Notes to the Condensed Consolidated Interim Financial Statements

### 4 Revenue

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

	Six months ended 30 June	
	2024 HK\$ million	2023 HK\$ million
Mobile telecommunications and other related services	1,760	1,793
Telecommunications hardware and other products	298	535
	<b>2,058</b>	2,328

#### Disaggregation of revenue

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

	Six months ended 30 June	
	2024 HK\$ million	2023 HK\$ million
Timing of revenue recognition:		
Over time	1,760	1,793
At a point in time	298	535
	<b>2,058</b>	2,328

### 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	
	2024 HK\$ million	2023 HK\$ million
Cost of services provided <sup>(i)</sup>	767	829
General administrative and distribution costs	46	50
Expenses for short-term leases	16	15
Auditors' remuneration	4	3
Loss allowance provision	-	13
Employment and other subsidies <sup>(ii)</sup>	(3)	(5)
<b>Total</b>	<b>830</b>	<b>905</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.

## 7 Interest and Other Finance Income, Net

	Six months ended 30 June	
	2024 HK\$ million	2023 HK\$ million
Interest and other finance income:		
Bank interest income	93	84
Interest income from a joint venture	6	7
	<b>99</b>	<b>91</b>
Interest and other finance costs:		
Notional interest accretion <sup>(i)</sup>	(36)	(34)
Guarantee and other finance fees	(5)	(4)
	<b>(41)</b>	<b>(38)</b>
<b>Interest and other finance income, net</b>	<b>58</b>	<b>53</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					
	2024			2023		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	1	30	31	2	25	27

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2023: 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.

The Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. It is not expected to have material impacts to the Group.

### 9 Loss per Share

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$12 million (30 June 2023: HK\$19 million) and on the weighted average number of 4,819,096,208 (30 June 2023: Same) ordinary shares in issue during the period.

The diluted loss per share for the six months ended 30 June 2024 is the same as basic loss per share as there were no potential dilutive shares during the period (30 June 2023: Same).

### 10 Dividends

	Six months ended 30 June	
	2024	2023
Interim dividend (HK\$ million)	110	110
Interim dividend per share (HK cents)	2.28	2.28

In addition, final dividend in respect of year 2023 of 5.21 HK cents per share (year 2022: 5.21 HK cents per share) totalling HK\$251 million (30 June 2023: HK\$251 million) was approved and paid during the six months ended 30 June 2024.

## 11 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$166 million (30 June 2023: HK\$163 million). Property, plant and equipment with a net book value of HK\$0.1 million (30 June 2023: HK\$0.4 million) was disposed of during the period, resulting in an insignificant gain (30 June 2023: insignificant loss).

## 12 Other Non-Current Assets

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Prepayments	278	274
Non-current deposits	31	34
Pension assets	46	46
	<b>355</b>	354

## 13 Cash and Bank Balances

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Cash at banks and in hand	150	87
Short-term bank deposits with original maturity within 3 months	694	1,823
Cash and cash equivalents	844	1,910
Short-term bank deposits with original maturity beyond 3 months	2,786	1,774
	<b>3,630</b>	3,684

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

## 14 Trade Receivables and Other Current Assets

	<b>30 June 2024 HK\$ million</b>	31 December 2023 HK\$ million
Trade receivables <sup>(a)</sup>	465	433
Less: Loss allowance provision	(61)	(56)
Trade receivables, net of provision	404	377
Other receivables	118	104
Prepayments and deposits	454	408
	<b>976</b>	<b>889</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

	<b>30 June 2024 HK\$ million</b>	31 December 2023 HK\$ million
The ageing analysis of trade receivables presented based on invoice date is as follows:		
0 - 30 days	192	213
31 - 60 days	77	68
61 - 180 days	84	65
Over 180 days	112	87
	<b>465</b>	<b>433</b>

## 15 Trade and Other Payables

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Trade payables <sup>(a)</sup>	142	174
Other payables and accruals <sup>(b)</sup>	1,035	1,114
Receipts in advance	170	165
Current portion of licence fees liabilities	186	184
	<b>1,533</b>	<b>1,637</b>

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

### (a) Trade payables

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	67	94
31 - 60 days	19	13
61 - 90 days	7	3
Over 90 days	49	64
	<b>142</b>	<b>174</b>

### (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 2024 HK\$ million	31 December 2023 HK\$ million
Non-current licence fees liabilities	1,945	1,982
Assets retirement obligations	266	265
Long service payments liabilities	2	2
	<b>2,213</b>	<b>2,249</b>



## 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 2023: Same).

### (b) Issued share capital of the Company

	Ordinary share of HK\$0.25 each	
	Number of shares	Issued and fully paid HK\$ million
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	4,819,096,208	1,205

## 18 Cash Generated from Operations

	Six months ended 30 June	
	2024 HK\$ million	2023 HK\$ million
<b>Cash flows from operating activities</b>		
Profit before taxation	19	8
Adjustments for:		
- Interest and other finance income	(99)	(91)
- Interest and other finance costs	41	38
- Depreciation and amortisation	737	739
- Capitalisation of customer acquisition and retention costs	(67)	(86)
- Share of result of a joint venture	2	2
- Increase in trade receivables and other assets	(30)	(19)
- Decrease in inventories	31	31
- Decrease in trade and other payables, and licence fees liabilities	(91)	-
- Decrease in pension assets	-	1
Cash generated from operations	543	623

### 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 2024 include (i) the network access fee payable to a joint venture of HK\$56 million (30 June 2023: HK\$61 million) and (ii) the interest income from the loan to a joint venture of HK\$6 million (30 June 2023: HK\$7 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 2024 HK\$ million	31 December 2023 HK\$ million
Performance guarantees	134	134
Financial guarantees <sup>(a)</sup>	1,625	1,091
Others	2	2
	<b>1,761</b>	1,227

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.

- (a) In June 2024, a subsidiary of the Group was successfully assigned 600 MHz spectrum at the 26 GHz band for a period of about 10 years from August 2024 to April 2034 (the "26 GHz Spectrum"). SUF for the 26 GHz Spectrum will not be charged by the CA until 75% or more of the spectrum at the 26 GHz or 28 GHz bands is assigned or occupied.

As at 30 June 2024, less than 75% of the spectrum at the 26 GHz or 28 GHz bands was assigned or occupied. A standby letter of credit of HK\$600 million for the application of the 26 GHz Spectrum was issued in favour of the CA and the amount has been included in the contingent liabilities. In July 2024, a performance bond of HK\$400 million was provided to the CA to guarantee the network and service rollout requirement for the 26 GHz Spectrum and the standby letter of credit will be released subsequently.

## 20 Capital Commitments

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

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Property, plant and equipment	197	121

## 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).