

Group Capital Resources and Liquidity

Treasury Management

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

Cash management and funding

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

Foreign currency exposure

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

Credit exposure

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

Capital and Net Cash

As at 30 June 2024, the Group recorded share capital of HK\$1,205 million and total equity of HK\$9,595 million.

As at 30 June 2024, the net cash of the Group was HK\$3,630 million (31 December 2023: HK\$3,684 million), 88% of which was denominated in Hong Kong dollars with remaining in various other currencies.

Charges on Group Assets

As at 30 June 2024 and 31 December 2023, 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 2024 (31 December 2023: Nil).

Contingent Liabilities

As at 30 June 2024, the Group provided performance, financial and other guarantees of HK\$1,761 million (31 December 2023: HK\$1,227 million), including the related performance bonds on new and renewed spectrums. The increase in performance, financial and other guarantees was mainly due to a standby letter of credit of HK\$600 million for the application of 600 MHz spectrum at the 26 GHz band being issued in favour of the Communications Authority of Hong Kong.

Capital Commitments

As at 30 June 2024, the Group had total capital commitments on property, plant and equipment of HK\$197 million (31 December 2023: HK\$121 million).

Corporate Strategy

The principal objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective and continue to be a leading responsible business, the Group continues to focus on achieving recurring and sustainable earnings, cash flow, dividend growth without compromising the financial strength and stability of the Group and also makes contributions to the society. 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 Group continues to focus on sustainability in delivering business solutions that support social and environmental challenges by continuing to act on key issues including climate change, such as committing the transition to a net-zero economy, promoting diversity, inclusion and wellbeing initiatives, digital inclusion and continuous community investment. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the sustainability report of the Group contained in the 2023 Annual Report. 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 in the longer term and delivers the objectives of the Group.

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 2024, the Group employed 1,229 (31 December 2023: 1,240) staff members (full-time and part-time) and on average 1,212 (1H 2023: 1,146) staff members during the six months ended 30 June 2024. Staff costs during the six months ended June 2024, including directors' emoluments, totalled HK\$195 million (1H 2023: HK\$175 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.

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Sustainability

The key sustainability mission of the Group is to create long-term value for all its stakeholders by aligning the sustainability objectives of the Group 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 has laid a sturdy foundation for fulfilling its sustainability commitment. This structure is deeply integrated throughout the Group, including the Board, the Sustainability Committee, the Audit Committee, the Security Committee, working groups and business units. It provides the Group with comprehensive guidance on executing sustainability strategies, establishing goals, setting targets and implementing reporting processes. Moreover, it fosters robust stakeholder relationships and ensures accountability across all business operations.

Currently, the Group identified eight Group-wide sustainability goals, being arranged into four sustainability pillars – Governance, Sustainable Business Model & Innovation, Environment and Social, and mapped to the United Nations Sustainable Development Goals, with three priority focus areas.

Review of Interim Financial Statements

The interim financial statements of the Group for the six months ended 30 June 2024 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 2024 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 (except for the holders of treasury shares, if any) to the interim dividend is Wednesday, 28 August 2024. In order to qualify for the interim dividend payable on Friday, 6 September 2024, 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, 28 August 2024.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including treasury shares) of the Company.