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Hutchison Telecom
Hong Kong Holdings

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)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

	1H 2023 HK\$ million	1H 2022 HK\$ million	Change
Total revenue	2,328	2,298	+1%
Service revenue	1,793	1,558	+15%
Total EBITDA ⁽¹⁾	727	695	+5%
Total LBIT ⁽²⁾	(35)	(43)	+19%
Loss attributable to shareholders	(19)	(96)	+80%
Loss per share (in HK cents)	(0.39)	(1.99)	+80%
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 income/(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 income/(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 2023, benefitting from post-pandemic tourism recovery and the Hong Kong and Mainland China border reopening, witnessed a resurgence of the economy in Hong Kong, which has strengthened the Group's service revenue.

Loss attributable to shareholders and loss per share narrowed to HK\$19 million and 0.39 HK cents respectively, an 80% improvement compared to the same period last year.

Dividend

The Board declared an interim dividend of 2.28 HK cents (2022 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2023, in line with the same period last year, payable on Friday, 1 September 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 23 August 2023, being the record date for determining shareholders' entitlement to the interim dividend.

Business Highlights

The Group's service revenue grew by 15% year-on-year to HK\$1,793 million during the first half of 2023. Benefitting from the lifting of travel restrictions around the world, roaming service revenue increased considerably by HK\$95 million or 68% year-on-year to HK\$235 million in the first half of 2023, and has been a key driver of revenue growth. Local service revenue grew at a healthy rate of 10% compared to the same period last year, as market competition stabilised. The Group's total revenue for the first six months of 2023 only grew by HK\$30 million or 1% to HK\$2,328 million, as the higher roaming and local service revenue were largely offset by lower margin hardware revenue as a result of softened demand. Total margin increased by HK\$138 million or 10% year-on-year to HK\$1,528 million.

EBITDA rose by HK\$32 million or 5% to HK\$727 million in the first six months of 2023. The increase was primarily due to the notable increase in total margin, which was partially offset by higher network operating costs relating to the Group's investments in the expansion and enhancements of its network infrastructure.

LBIT of HK\$35 million improved by HK\$8 million or 19% compared to the same period last year. The improvement in EBITDA was partially offset by higher amortisation expenses associated with capitalised CACs as well as higher depreciation expenses incurred due to the abovementioned 5G network enhancements. Furthermore, as a result of interest rate hikes, the Group's bank interest increased by seven-fold to HK\$84 million in the first half of 2023. This resulted in a net interest income of HK\$46 million for the first six months of 2023 as compared to a net interest cost of HK\$27 million for the same period last year.

As of 30 June 2023, the customer base of the Group further expanded by 13%, currently standing at approximately 3.4 million compared to approximately 3.0 million for the same period last year. This improvement was mainly due to an increase in the number of prepaid customers. With continued growth in 5G Broadband and other customers, the Group's 5G penetration rate increased by 18% points to 38% compared to the same period last year. The monthly churn rate of postpaid customers increased marginally to 0.9% (1H 2022: 0.7%), which was attributed to a post-pandemic reduction in work-from-home arrangements from the Group's corporate customers. That reduction, however, had only a limited impact on the Group's related income. Overall, the Group's customer value management initiatives had proved effective in enhancing customer engagement and loyalty. Postpaid net ARPU increased by 12% to HK\$180 mainly driven by an increase in revenue from the Group's corporate solutions and roaming segments that gained momentum in the first half of the year.

Outlook

The Hong Kong economy had shown signs of recovery from its 2020 lows, driven by the recovery of tourism along with local spending, and is poised for further growth in the second half of 2023. The Group is optimistic that this improvement will lend support to further roaming market recovery and provide positive customer sentiment for the Group's business.

In March 2023, the Group introduced its new premium brand "SUPREME", as a multi-brand strategy, for esteemed customers. "SUPREME" provides cutting-edge 5G network services along with personalised services in the upscale consumer market.

Looking forward, the Board is optimistic towards the Group's business outlook amidst positive growth prospects. With roaming market recovery in recent months, the Group is encouraged by its turnaround in profitability in June 2023. It is on course to deliver a more positive financial performance for the year.

I would like to thank the Board and all employees for their continued dedication, diligence, professionalism, as well as their valuable contributions to the Group during these challenging times.

FOK Kin Ning, Canning
Chairman

Hong Kong, 28 July 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Summary

	1H 2023 HK\$ million	1H 2022 HK\$ million	Change
Revenue	2,328	2,298	+1%
Net customer service revenue	1,793	1,558	+15%
• Local service revenue	1,558	1,418	+10%
• Roaming service revenue	235	140	+68%
Hardware and other product revenue	535	740	-28%
Net customer service margin	1,516	1,373	+10%
<i>Net customer service margin %</i>	<i>85%</i>	<i>88%</i>	<i>-3% points</i>
Standalone hardware and other product sales margin	12	17	-29%
Total margin	1,528	1,390	+10%
- CACs	(221)	(259)	+15%
- Less: Bundled sales revenue	138	194	-29%
CACs (net of hardware and other product revenue)	(83)	(65)	-28%
Operating expenses	(749)	(658)	-14%
<i>Operating expenses as a % of net customer service margin</i>	<i>49%</i>	<i>48%</i>	<i>-1% point</i>
Share of EBITDA of a joint venture	31	28	+11%
EBITDA ⁽¹⁾	727	695	+5%
Service EBITDA ⁽¹⁾	715	678	+5%
<i>Service EBITDA ⁽¹⁾ margin %</i>	<i>40%</i>	<i>44%</i>	<i>-4% points</i>
CAPEX (excluding telecommunications licences)	(163)	(157)	-4%
EBITDA ⁽¹⁾ less CAPEX	564	538	+5%
Depreciation and amortisation ⁽³⁾	(762)	(738)	-3%
LBIT ⁽²⁾	(35)	(43)	+19%
Service LBIT ⁽²⁾	(47)	(60)	+22%
Net interest and other finance income/(costs) ⁽³⁾	46	(27)	+270%
Profit/(loss) before taxation	11	(70)	+116%
Taxation ⁽³⁾	(30)	(26)	-15%
Loss attributable to shareholders	(19)	(96)	+80%

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 income/(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 income/(costs) and taxation include the Group's share of joint venture's respective items.

Review of Financial Results

Service revenue grew by 15% year-on-year to HK\$1,793 million (1H 2022: HK\$1,558 million) during the first half of 2023. Benefitting from the lifting of travel restrictions around the world, roaming service revenue increased considerably by HK\$95 million or 68% year-on-year to HK\$235 million in the first half of 2023, and has been a key driver of revenue growth. Local service revenue grew at a healthy rate of 10% compared to the same period last year, as market competition stabilised.

Hardware and other product revenue decreased by HK\$205 million or 28% to HK\$535 million as a result of softened demand.

Total revenue of the Group only grew by HK\$30 million or 1% to HK\$2,328 million (1H 2022: HK\$2,298 million), as the higher roaming and local service revenue were largely offset by lower margin hardware and other product revenue as aforementioned. Total margin increased by HK\$138 million or 10% year-on-year to HK\$1,528 million.

Operating expenses increased by HK\$91 million or 14% to HK\$749 million (1H 2022: HK\$658 million), mainly attributable to higher network operating costs.

EBITDA rose by HK\$32 million or 5% to HK\$727 million in the first six months of 2023. The increase was primarily due to the notable increase in total margin, which was partially offset by higher network operating costs relating to the Group's investments in the expansion and enhancements of its network infrastructure.

LBIT thereby improved by HK\$8 million or 19% to HK\$35 million compared to the same period last year. The improvement in EBITDA was partially offset by higher amortisation expenses associated with capitalised CACs as well as higher depreciation expenses incurred due to the abovementioned 5G network enhancements. Furthermore, as a result of interest rate hikes, the Group's bank interest income increased by seven-fold to HK\$84 million in the first half of 2023. This resulted in a net interest income of HK\$46 million for the first six months of 2023 as compared to a net interest cost of HK\$27 million for the same period last year.

Loss attributable to shareholders and loss per share narrowed to HK\$19 million (1H 2022: HK\$96 million) and 0.39 HK cents (1H 2022: 1.99 HK cents) respectively, an 80% improvement compared to the same period last year. The improvement was mainly due to a surge in bank interest income resulting from interest rate hikes as aforementioned.

Key Performance Indicators

	1H 2023	1H 2022	Change
Number of postpaid customers ('000)	1,467	1,476	-1%
Number of prepaid customers ('000)	1,940	1,538	+26%
Total customers ('000)	3,407	3,014	+13%
Postpaid customers to total customer base (%)	43%	49%	-6% points
Postpaid customers' contribution to net customer service revenue (%)	88%	90%	-2% points
Monthly churn rate of postpaid customers (%)	0.9%	0.7%	-0.2% point
Postpaid gross ARPU (HK\$)	197	179	+10%
Postpaid net ARPU (HK\$)	180	161	+12%
Postpaid net AMPU (HK\$)	154	143	+8%

As of 30 June 2023, the customer base of the Group further expanded by 13%, currently standing at approximately 3.4 million compared to approximately 3.0 million for the same period last year. This improvement was mainly due to an increase in the number of prepaid customers. With continued growth in 5G Broadband and other customers, the Group's 5G penetration rate increased by 18% points to 38% compared to the same period last year. The monthly churn rate of postpaid customers increased marginally to 0.9% (1H 2022: 0.7%), which was attributed to a post-pandemic reduction in work-from-home arrangements from the Group's corporate customers. That reduction, however, had only a limited impact on the Group's related income. Overall, the Group's customer value management initiatives had proved effective in enhancing customer engagement and loyalty. Postpaid net ARPU increased by 12% to HK\$180 mainly driven by an increase in revenue from the Group's corporate solutions and roaming segments that gained momentum in the first half of the year.

Net Interest and Other Finance Income

Net interest and other finance income (with share of a joint venture) was HK\$46 million in the first half of 2023 (1H 2022: net costs of HK\$27 million). The improvement was primarily due to a seven-fold increase in bank interest income resulting from a surge in deposit interest rate from an average of 0.57% in the first half of 2022 to an average of 4.60% in the first half of 2023.

The Group continues to maintain a healthy financial position with cash and bank balances of HK\$3,718 million as of 30 June 2023 (31 December 2022: HK\$3,700 million).

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 9% (1H 2022: 10%) of the service revenue of the Group, increased by 4% to HK\$163 million. 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 2023

	Spectrum band	Bandwidth	Year of expiry
Hong Kong	700 MHz	20 MHz	2037
	900 MHz	10 MHz	2026
	900 MHz	10 MHz	2036
	1800 MHz	30 MHz	2036
	2100 MHz	29.6 MHz	2031
	2300 MHz	30 MHz	2027
	2600 MHz	30 MHz ^{(1) (2)}	2024 ⁽²⁾
	2600 MHz	10 MHz ⁽¹⁾	2028
	3300 MHz	30 MHz	2034
	3500 MHz	40 MHz	2035
Macau	900 MHz	10 MHz	2025
	1800 MHz	20 MHz	2028
	2100 MHz	10 MHz	2025

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

Note 2: A subsidiary of the Group successfully bid 10 MHz at the 2600 MHz spectrum band in 2021 for a 15-year period to 2039, commencing immediately upon the expiry of the existing licence held by the joint venture in March 2024.

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 9 to 23, 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 2023 and the condensed consolidated income statement, 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 selected explanatory notes. 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, 28 July 2023

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited 2023 HK\$ million	Unaudited 2022 HK\$ million
Revenue	4	2,328	2,298
Cost of inventories sold		(523)	(723)
Staff costs		(175)	(167)
Expensed customer acquisition and retention costs		(29)	(17)
Depreciation and amortisation		(739)	(715)
Other operating expenses	6	(905)	(724)
		<u>(43)</u>	<u>(48)</u>
Interest and other finance income	7	91	15
Interest and other finance costs	7	(38)	(38)
Share of result of a joint venture		(2)	(2)
		<u>8</u>	<u>(73)</u>
Profit/(loss) before taxation		8	(73)
Taxation	8	(27)	(23)
		<u>(19)</u>	<u>(96)</u>
Loss for the period		(19)	(96)
Loss per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic and diluted	9	<u>(0.39)</u>	<u>(1.99)</u>

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.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited 2023 HK\$ million	Unaudited 2022 HK\$ million
Loss for the period	(19)	(96)
Other comprehensive loss		
Item that may be reclassified subsequently to income statement in subsequent periods:		
- Cumulative translation adjustments released upon de-registration of a subsidiary	(1)	-
Total comprehensive loss for the period attributable to shareholders of the Company, net of tax	<u>(20)</u>	<u>(96)</u>

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Note	Unaudited 30 June 2023 HK\$ million	Audited 31 December 2022 HK\$ million
Non-current assets			
Property, plant and equipment	11	2,917	3,007
Goodwill		2,155	2,155
Telecommunications licences		3,474	3,663
Right-of-use assets		561	491
Customer acquisition and retention costs		182	189
Contract assets		134	152
Other non-current assets	12	331	361
Deferred tax assets		4	4
Investment in a joint venture		135	157
Total non-current assets		<u>9,893</u>	<u>10,179</u>
Current assets			
Cash and cash equivalents	13	814	3,087
Short-term bank deposits with original maturity beyond 3 months	13	2,904	613
Trade receivables and other current assets	14	883	784
Contract assets		187	193
Inventories		69	100
Total current assets		<u>4,857</u>	<u>4,777</u>
Current liabilities			
Trade and other payables	15	1,627	1,649
Contract liabilities		185	162
Lease liabilities		316	305
Current income tax liabilities		3	1
Total current liabilities		<u>2,131</u>	<u>2,117</u>
Non-current liabilities			
Lease liabilities		210	151
Deferred tax liabilities		73	48
Other non-current liabilities	16	2,338	2,371
Total non-current liabilities		<u>2,621</u>	<u>2,570</u>
Net assets		<u>9,998</u>	<u>10,269</u>
Capital and reserves			
Share capital	17	1,205	1,205
Reserves		8,793	9,064
Total equity		<u>9,998</u>	<u>10,269</u>

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023	1,205	11,185	(2,071)	1	238	(289)	10,269
Loss for the period	-	-	(19)	-	-	-	(19)
Other comprehensive loss: Cumulative translation adjustments released upon de-registration of a subsidiary	-	-	-	(1)	-	-	(1)
Total comprehensive loss, net of tax	-	-	(19)	(1)	-	-	(20)
Dividend relating to 2022 paid in 2023 (Note 10)	-	-	(251)	-	-	-	(251)
Transfer between reserves	-	-	1	-	-	(1)	-
At 30 June 2023	<u>1,205</u>	<u>11,185</u>	<u>(2,340)</u>	<u>-</u>	<u>238</u>	<u>(290)</u>	<u>9,998</u>
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	<u>1,205</u>	<u>11,185</u>	<u>(1,899)</u>	<u>1</u>	<u>265</u>	<u>(289)</u>	<u>10,468</u>

(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.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited 2023 HK\$ million	Unaudited 2022 HK\$ million
Cash flows from operating activities			
Cash generated from operations	18	623	558
Interest and other finance costs paid		(10)	(9)
		<u> </u>	<u> </u>
Net cash from operating activities		<u>613</u>	<u>549</u>
		-----	-----
Cash flows from investing activities			
Purchases of property, plant and equipment		(163)	(157)
Additions to telecommunications licences		-	(138)
Increase in short-term bank deposits with original maturity beyond 3 months		(2,291)	(638)
Interest received		57	6
Loan to a joint venture		(34)	(23)
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(2,431)</u>	<u>(950)</u>
		-----	-----
Cash flows from financing activities			
Principal elements of lease payments		(204)	(202)
Dividend paid	10	(251)	(251)
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(455)</u>	<u>(453)</u>
		-----	-----
Decrease in cash and cash equivalents		(2,273)	(854)
Cash and cash equivalents at 1 January		3,087	1,414
		<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	13	<u>814</u>	<u>560</u>
		=====	=====

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

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.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 Accounting Policies (Continued)

(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) ⁽ⁱ⁾	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) ⁽ⁱ⁾	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments) ⁽ⁱ⁾	Supplier Finance Arrangements
IFRS 10 and IAS 28 (Amendments) ⁽ⁱⁱ⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) ⁽ⁱ⁾	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.

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 Revenue (Continued)

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

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	2022
	HK\$ million	HK\$ million
Cost of services provided ⁽ⁱ⁾	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 ⁽ⁱⁱ⁾	(5)	(8)
Compensation income ⁽ⁱⁱⁱ⁾	-	(62)
Total	<u>905</u>	<u>724</u>

(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.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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
	<u>91</u>	<u>15</u>
	-----	-----
Interest and other finance costs:		
Notional interest accretion ⁽ⁱ⁾	(34)	(33)
Guarantee and other finance fees	(4)	(5)
	<u>(38)</u>	<u>(38)</u>
	-----	-----
Interest and other finance income/(costs), net	<u>53</u>	<u>(23)</u>

- (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.

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	<u>2</u>	<u>25</u>	<u>27</u>	<u>-</u>	<u>23</u>	<u>23</u>

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).

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

13 Cash and Bank Balances

	30 June 2023 HK\$ million	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	814	3,087
Short-term bank deposits with original maturity beyond 3 months	2,904	613
	<u>3,718</u>	<u>3,700</u>

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14 Trade Receivables and Other Current Assets

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

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
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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
	<u>380</u>	<u>375</u>

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15 Trade and Other Payables

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

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

(a) Trade payables

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
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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
	<u>197</u>	<u>197</u>

(b) Other payables and accruals

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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
	<u>2,338</u>	<u>2,371</u>

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	<u>1,205</u>

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18 Cash Generated from Operations

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Cash flows from operating activities		
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	<u>623</u>	<u>558</u>

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	31 December
	2023	2022
	HK\$ million	HK\$ million
Performance guarantees	134	184
Financial guarantees	961	953
Others	2	2
	<u>1,097</u>	<u>1,139</u>

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19 Contingent Liabilities (Continued)

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:

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

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).

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION

Reconciliation of key financial information between Condensed Consolidated Income Statement and Management Discussion and Analysis Section

	Six months ended 30 June					
	2023			2022		
	Company and Subsidiaries HK\$ million	Joint Venture HK\$ million	Total HK\$ million	Company and Subsidiaries HK\$ million	Joint Venture HK\$ million	Total HK\$ million
EBITDA ⁽ⁱ⁾	696	31	727	667	28	695
Depreciation and amortisation	(739)	(23)	(762)	(715)	(23)	(738)
(LBIT)/EBIT ⁽ⁱⁱ⁾	(43)	8	(35)	(48)	5	(43)
Interest and other finance income	91	-	91	15	-	15
Interest and other finance costs	(38)	(7)	(45)	(38)	(4)	(42)
Share of result of a joint venture	(2)	2	-	(2)	2	-
Profit/(loss) before taxation	8	3	11	(73)	3	(70)
Taxation	(27)	(3)	(30)	(23)	(3)	(26)
Loss attributable to shareholders of the Company	(19)	-	(19)	(96)	-	(96)

(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.

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 announcement 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 announcement are historical in nature, and past performance does not guarantee future results of the Group. Any forward-looking statements and opinions contained in this announcement 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 announcement; 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.

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 8 in this announcement. 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 had purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited 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.

The Company has complied throughout the six months ended 30 June 2023 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 2023.

DEFINITIONS

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

“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)
“Director(s)”	director(s) of the Company
“EBIT / LBIT”	earnings or losses before net interest and other finance income/(costs), taxation, adjusted to include the Group’s proportionate share of joint venture’s EBIT
“EBITDA”	earnings before net interest and other finance income/(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)

DEFINITIONS (continued)

“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

As at the date of this announcement, the Directors are:

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and Non-executive Directors:

Mr LUI Dennis Pok Man
Mr WOO Chiu Man, Cliff

Executive Director:

Mr KOO Sing Fai

Non-executive Directors:

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

Ms Edith SHIH

Mr MA Lai Chee, Gerald

(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Ms CHOW Ching Yee, Cynthia

Mr IP Yuk Keung

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna