



**Hutchison** Telecom  
Hong Kong Holdings



## 2020 Interim Report

**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)

# Corporate Information

## Board of Directors

### Chairman and Non-executive Director

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

### Co-Deputy Chairmen and Non-executive Directors

LUI Dennis Pok Man, BSc

WOO Chiu Man, Cliff, BSc

### Executive Director

KOO Sing Fai, BSc  
*Chief Executive Officer*

### Non-executive Directors

LAI Kai Ming, Dominic, BSc, MBA  
*(also Alternate to FOK Kin Ning, Canning and Edith SHIH)*

Edith SHIH, BSE, MA, MA, EdM, Solicitor,  
FCG (CS, CGP), FCS (CS, CGP) (PE)

MA Lai Chee, Gerald, BCom, MA  
*(Alternate to LAI Kai Ming, Dominic)*

### Independent Non-executive Directors

IP Yuk Keung, BSc, MSc, MSc

LAN Hong Tsung, David, GBS, ISO, JP

WONG Yick Ming, Rosanna, PhD, DBE, JP

## Audit Committee

IP Yuk Keung (*Chairman*)

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

## Remuneration Committee

LAN Hong Tsung, David (*Chairman*)

FOK Kin Ning, Canning

IP Yuk Keung

## Nomination Committee

FOK Kin Ning, Canning (*Chairman*)

LUI Dennis Pok Man

WOO Chiu Man, Cliff

KOO Sing Fai

LAI Kai Ming, Dominic

Edith SHIH

IP Yuk Keung

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

## Sustainability Committee <sup>(Note)</sup>

Edith SHIH (*Chairman*)

KOO Sing Fai

WONG Yick Ming, Rosanna

## Company Secretary

Edith SHIH, BSE, MA, MA, EdM, Solicitor,  
FCG (CS, CGP), FCS (CS, CGP) (PE)

## Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

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# Highlights

|  | Post-IFRS 16 Basis <sup>(1)</sup> |                         |        |
|--|-----------------------------------|-------------------------|--------|
|  | 1H 2020<br>HK\$ million           | 1H 2019<br>HK\$ million | Change |
| Service revenue                          | 1,664                             | 1,782                   | -7%    |
| Service EBITDA                           | 775                               | 778                     | -      |
| Total EBITDA                             | 778                               | 787                     | -1%    |
| Total EBIT                               | 147                               | 160                     | -8%    |
| Profit attributable to shareholders      | 146                               | 188                     | -22%   |
| Earnings per share (in HK cents)         | 3.03                              | 3.90                    | -22%   |
| Interim dividend per share (in HK cents) | 2.28                              | 2.93                    | -22%   |

|                                     | Pre-IFRS 16 Basis <sup>(1)</sup> |                         |        |
|-------------------------------------|----------------------------------|-------------------------|--------|
|                                     | 1H 2020<br>HK\$ million          | 1H 2019<br>HK\$ million | Change |
| Service revenue                     | 1,664                            | 1,782                   | -7%    |
| Service EBITDA                      | 556                              | 545                     | +2%    |
| Total EBITDA                        | 559                              | 554                     | +1%    |
| Total EBIT                          | 143                              | 151                     | -5%    |
| Profit attributable to shareholders | 149                              | 187                     | -20%   |

Note 1: Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's statutory results for the six months ended 30 June 2019 and 2020 are on an IFRS 16 basis. The Group believes that the precedent lease accounting standard IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on an IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2019 and 2020. Unless otherwise specified, the discussion of the Group's operating results in this interim report is on a Pre-IFRS 16 basis.

# Chairman's Statement

The COVID-19 pandemic has posed unprecedented challenges to individuals and businesses around the world. The business climate of the mobile telecommunications market has inevitably been affected, and travel restrictions and other precautionary measures imposed to control the spread of COVID-19 have resulted in a major reduction in roaming revenue. Against this backdrop, the Group has taken a number of proactive measures to reduce the impact of the pandemic on its business. The Group's operating results for the first half of 2020 have demonstrated resilience in the face of adversity, particularly attributed to its effective cost structure.

Despite a 38% drop in roaming service revenue, the Group's local service revenue increased slightly by 1% over the same period last year. This increase was mainly driven by growing demand for corporate solution offerings, as enterprises are shifting to new modes of operations. The overall service revenue decreased by 7% to HK\$1,664 million for the first half of 2020.

Service EBITDA increased by 2% as the Group's continuous cost improvement exercise further streamlined daily operations and improved operational efficiency. A healthy service EBITDA margin of 33% was recorded for the period.

On a Pre-IFRS 16 basis, the Group's total EBITDA increased by 1% to HK\$559 million for the first six months of the year, while EBIT decreased by 5% to HK\$143 million against the same period last year due to higher depreciation and amortisation.

On a Post-IFRS 16 basis, the Group's total EBITDA and EBIT decreased by 1% and 8% respectively against the same period last year. Profit attributable to shareholders and earnings per share were HK\$146 million and 3.03 HK cents, a 22% decrease compared with HK\$188 million and 3.90 HK cents respectively of the same period last year. The decrease was mainly due to lower interest income as the cash balance has significantly reduced from HK\$9,555 million in the beginning of 2019 to HK\$5,536 million as of 30 June 2020 subsequent to the distribution of HK\$3,855 million special interim dividend and HK\$471 million cash paid for the acquisition of a 24.1% interest in the Group's mobile operation in May 2019. The interest income forgone corresponded to an approximately 0.77 HK cents decrease in earnings per share. Excluding the effect of interest income reduction, profit attributable to shareholders dropped marginally by 3% against the same period last year.

As of 30 June 2020, the total number of customers in Hong Kong and Macau remained steady at approximately 3.3 million (as of 30 June 2019: approximately 3.3 million). The Group continued to focus on enhancing its customer retention programmes during the period, and achieved a stable monthly postpaid churn rate of 1.1% (1H 2019: 1.1%). Local postpaid net ARPU increased by 5% to HK\$150 as a result of a higher contribution from the corporate market.

## Dividend

The Board has declared an interim dividend of 2.28 HK cents (2019 interim dividend: 2.93 HK cents) per share for the first half of 2020, payable on Friday, 4 September 2020, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 26 August 2020, being the record date for determining shareholders' entitlement to the interim dividend. The Board expects the total full year dividend payout to be equivalent to 75% of annual profit attributable to shareholders.

## Chairman's Statement

### Outlook

Uncertainties around the evolution of the COVID-19 pandemic will continue to persist, and the near-term business environment is expected to remain extremely challenging. Roaming business is likely to be depressed in the second half, while consumers and corporates become very cautious in their spending. Despite the turmoil and uncertainties posed by the pandemic, demands for automation and business solutions from various sectors impacted by the anti-epidemic measures have accelerated. This has translated into benefits for the Group, as more enterprises have taken up solution offerings from the Group to meet their ever-changing business demands, riding on the recently launched 5G services. The Group will continue to build on its B2B strengths, leveraging its advanced network infrastructure and its close ties with members of the CKHH Group, as well as its collaborative efforts with global partners.

The Group is committed to being a responsible corporate citizen. It fully recognises that investors and stakeholders are placing greater importance than ever on the sustainability practices of businesses. It continues to formulate responsible policies and initiatives to address ESG matters, as part of its determination to generate sustainable value for stakeholders.

While the COVID-19 pandemic remains fluid and rapidly evolving, the Group will remain vigilant and closely monitor its development. It will continue to adopt appropriate measures to safeguard the interest of its employees and business operations, and at the same time maintain its full service commitment to its customers.

To conclude, I would like to thank the Board of Directors and all staff members for their unwavering dedication, their consummate professionalism, and their invaluable contributions to the Group throughout an incredibly challenging period.

**FOK Kin Ning, Canning**

Chairman

Hong Kong, 28 July 2020

# Management Discussion and Analysis

## Financial Performance Summary – Pre-IFRS 16 basis <sup>(1)</sup>

|  | 1H 2020<br>HK\$ million | 1H 2019<br>HK\$ million | Change            |
|--|-------------------------|-------------------------|-------------------|
| <b>Revenue</b>   | <b>1,982</b>            | 2,515                   | <b>-21%</b>       |
| Net customer service revenue                             | <b>1,664</b>            | 1,782                   | <b>-7%</b>        |
| • Local service revenue                                  | <b>1,443</b>            | 1,424                   | <b>+1%</b>        |
| • Roaming service revenue                                | <b>221</b>              | 358                     | <b>-38%</b>       |
| - Data   | <b>146</b>              | 246                     | <b>-41%</b>       |
| - Non-data   | <b>75</b>               | 112                     | <b>-33%</b>       |
| Hardware revenue   | <b>318</b>              | 733                     | <b>-57%</b>       |
| • Bundled sales revenue                                  | <b>149</b>              | 213                     | <b>-30%</b>       |
| • Standalone handset sales revenue                       | <b>169</b>              | 520                     | <b>-68%</b>       |
| Net customer service margin                              | <b>1,462</b>            | 1,617                   | <b>-10%</b>       |
| Net customer service margin %                            | <b>88%</b>              | 91%                     | <b>-3% points</b> |
| Standalone handset sales margin                          | <b>3</b>                | 9                       | <b>-67%</b>       |
| <b>Total margin</b>                                      | <b>1,465</b>            | 1,626                   | <b>-10%</b>       |
| CACs   | <b>(258)</b>            | (371)                   | <b>+30%</b>       |
| Less: Bundled sales revenue                              | <b>149</b>              | 213                     | <b>-30%</b>       |
| CACs (net of hardware revenue)                           | <b>(109)</b>            | (158)                   | <b>+31%</b>       |
| Operating expenses                                       | <b>(830)</b>            | (949)                   | <b>+13%</b>       |
| Operating expenses as a % of net customer service margin | <b>57%</b>              | 59%                     | <b>+2% points</b> |
| Share of EBITDA of a joint venture                       | <b>33</b>               | 35                      | <b>-6%</b>        |
| <b>EBITDA</b>  | <b>559</b>              | 554                     | <b>+1%</b>        |
| Service EBITDA   | <b>556</b>              | 545                     | <b>+2%</b>        |
| Service EBITDA margin %                                  | <b>33%</b>              | 31%                     | <b>+2% points</b> |
| CAPEX (excluding telecommunications licences)            | <b>(105)</b>            | (154)                   | <b>+32%</b>       |
| EBITDA less CAPEX  | <b>454</b>              | 400                     | <b>+14%</b>       |
| Depreciation and amortisation <sup>(2)</sup>             | <b>(416)</b>            | (403)                   | <b>-3%</b>        |
| <b>EBIT</b>  | <b>143</b>              | 151                     | <b>-5%</b>        |
| Service EBIT   | <b>140</b>              | 142                     | <b>-1%</b>        |
| Net interest and other finance income <sup>(2)</sup>     | <b>51</b>               | 90                      | <b>-43%</b>       |
| <b>Profit before taxation</b>                            | <b>194</b>              | 241                     | <b>-20%</b>       |
| Taxation <sup>(2)</sup>                                  | <b>(45)</b>             | (46)                    | <b>+2%</b>        |
| Profit attributable to non-controlling interests         | <b>-</b>                | (8)                     | <b>+100%</b>      |
| <b>Profit attributable to shareholders</b>               | <b>149</b>              | 187                     | <b>-20%</b>       |

Note 1: Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's statutory results for the six months ended 30 June 2019 and 2020 are on an IFRS 16 basis. The Group believes that the precedent lease accounting standard IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on an IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2019 and 2020. Unless otherwise specified, the discussion of the Group's operating results in this interim report is on a Pre-IFRS 16 basis.

Note 2: Depreciation and amortisation, net interest and other finance income and taxation include the Group's share of joint venture's respective items.

Financial Performance Summary – Post-IFRS 16 basis <sup>(1)</sup>

|  | 1H 2020<br>HK\$ million | 1H 2019<br>HK\$ million | Change            |
|--|-------------------------|-------------------------|-------------------|
| <b>Revenue</b>   | <b>1,982</b>            | 2,515                   | <b>-21%</b>       |
| Net customer service revenue                             | <b>1,664</b>            | 1,782                   | <b>-7%</b>        |
| • Local service revenue                                  | <b>1,443</b>            | 1,424                   | <b>+1%</b>        |
| • Roaming service revenue                                | <b>221</b>              | 358                     | <b>-38%</b>       |
| - Data   | <b>146</b>              | 246                     | <b>-41%</b>       |
| - Non-data   | <b>75</b>               | 112                     | <b>-33%</b>       |
| Hardware revenue   | <b>318</b>              | 733                     | <b>-57%</b>       |
| • Bundled sales revenue                                  | <b>149</b>              | 213                     | <b>-30%</b>       |
| • Standalone handset sales revenue                       | <b>169</b>              | 520                     | <b>-68%</b>       |
| Net customer service margin                              | <b>1,462</b>            | 1,617                   | <b>-10%</b>       |
| Net customer service margin %                            | <b>88%</b>              | 91%                     | <b>-3% points</b> |
| Standalone handset sales margin                          | <b>3</b>                | 9                       | <b>-67%</b>       |
| <b>Total margin</b>                                      | <b>1,465</b>            | 1,626                   | <b>-10%</b>       |
| CACs   | <b>(234)</b>            | (343)                   | <b>+32%</b>       |
| Less: Bundled sales revenue                              | <b>149</b>              | 213                     | <b>-30%</b>       |
| CACs (net of hardware revenue)                           | <b>(85)</b>             | (130)                   | <b>+35%</b>       |
| Operating expenses                                       | <b>(635)</b>            | (744)                   | <b>+15%</b>       |
| Operating expenses as a % of net customer service margin | <b>43%</b>              | 46%                     | <b>+3% points</b> |
| Share of EBITDA of a joint venture                       | <b>33</b>               | 35                      | <b>-6%</b>        |
| <b>EBITDA</b>  | <b>778</b>              | 787                     | <b>-1%</b>        |
| Service EBITDA   | <b>775</b>              | 778                     | <b>-</b>          |
| Service EBITDA margin %                                  | <b>47%</b>              | 44%                     | <b>+3% points</b> |
| CAPEX (excluding telecommunications licences)            | <b>(105)</b>            | (154)                   | <b>+32%</b>       |
| EBITDA less CAPEX  | <b>673</b>              | 633                     | <b>+6%</b>        |
| Depreciation and amortisation <sup>(2)</sup>             | <b>(631)</b>            | (627)                   | <b>-1%</b>        |
| <b>EBIT</b>  | <b>147</b>              | 160                     | <b>-8%</b>        |
| Service EBIT   | <b>144</b>              | 151                     | <b>-5%</b>        |
| Net interest and other finance income <sup>(2)</sup>     | <b>43</b>               | 82                      | <b>-48%</b>       |
| <b>Profit before taxation</b>                            | <b>190</b>              | 242                     | <b>-21%</b>       |
| Taxation <sup>(2)</sup>                                  | <b>(44)</b>             | (46)                    | <b>+4%</b>        |
| Profit attributable to non-controlling interests         | <b>-</b>                | (8)                     | <b>+100%</b>      |
| <b>Profit attributable to shareholders</b>               | <b>146</b>              | 188                     | <b>-22%</b>       |

Note 1: Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's statutory results for the six months ended 30 June 2019 and 2020 are on an IFRS 16 basis. The Group believes that the precedent lease accounting standard IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on an IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2019 and 2020. Unless otherwise specified, the discussion of the Group's operating results in this interim report is on a Pre-IFRS 16 basis.

Note 2: Depreciation and amortisation, net interest and other finance income and taxation include the Group's share of joint venture's respective items.



### Review of Financial Results

The Group's total revenue for the first half of 2020 decreased by 21% to HK\$1,982 million (1H 2019: HK\$2,515 million).

Service revenue decreased by 7% to HK\$1,664 million, largely due to a 38% decline in roaming service revenue which accounted for 13% of the Group's service revenue for the period (1H 2019: 20%).

Hardware revenue of HK\$318 million was 57% lower than the same period in 2019, reflecting lower spending on consumables and a fall in demand for new smartphones.

The Group continued to adhere to a strict cost discipline regime during the first six months of 2020, with the aim of creating a low-cost, high-efficiency operational environment. Key costs (Pre-IFRS 16 basis), comprising CACs, staff costs and other operating expenses, decreased by 10% to HK\$1,141 million.

On a Pre-IFRS 16 basis, the Group's total EBITDA increased by 1% to HK\$559 million (1H 2019: HK\$554 million), while EBIT decreased by 5% to HK\$143 million against the same period last year due to higher depreciation and amortisation.

Service EBITDA (Pre-IFRS 16 basis) increased by 2% to HK\$556 million for the first half of 2020, benefiting from the aforementioned savings in key costs, partly offset by lower total margin. Service EBITDA margin (Pre-IFRS 16 basis) improved to 33% (1H 2019: 31%).

On a Post-IFRS 16 basis, the Group's total EBITDA and EBIT decreased by 1% and 8% respectively against the same period last year. Profit attributable to shareholders and earnings per share were HK\$146 million and 3.03 HK cents, a 22% decrease compared with HK\$188 million and 3.90 HK cents respectively of the same period last year. The decrease was mainly due to lower interest income as the cash balance has significantly reduced from HK\$9,555 million in the beginning of 2019 to HK\$5,536 million as of 30 June 2020 subsequent to the distribution of HK\$3,855 million special interim dividend and HK\$471 million cash paid for the acquisition of a 24.1% interest in the Group's mobile operation in May 2019. The interest income forgone corresponded to an approximately 0.77 HK cents decrease in earnings per share. Excluding the effect of interest income reduction, profit attributable to shareholders dropped marginally by 3% against the same period last year. The impact of IFRS 16 on total EBIT and profit attributable to shareholders of the Group was insignificant.

### Key Performance Indicators

|  | 1H 2020      | 1H 2019 | Change            |
|--|--------------|---------|-------------------|
| Number of postpaid customers ('000)                                      | <b>1,458</b> | 1,491   | <b>-2%</b>        |
| Number of prepaid customers ('000)                                       | <b>1,851</b> | 1,837   | <b>+1%</b>        |
| Total customers ('000)   | <b>3,309</b> | 3,328   | <b>-1%</b>        |
| Postpaid customers to the total customer base (%)                        | <b>44%</b>   | 45%     | <b>-1% point</b>  |
| Postpaid customers' contribution to the net customer service revenue (%) | <b>90%</b>   | 87%     | <b>+3% points</b> |
| Monthly churn rate of postpaid customers (%)                             | <b>1.1%</b>  | 1.1%    | <b>-</b>          |
| Postpaid gross ARPU (HK\$)   | <b>196</b>   | 205     | <b>-4%</b>        |
| Postpaid net ARPU (HK\$)   | <b>170</b>   | 175     | <b>-3%</b>        |
| Postpaid net AMPU (HK\$)   | <b>151</b>   | 160     | <b>-6%</b>        |
| Local postpaid gross ARPU (HK\$)   | <b>175</b>   | 173     | <b>+1%</b>        |
| Local postpaid net ARPU (HK\$)   | <b>150</b>   | 143     | <b>+5%</b>        |

As of 30 June 2020, the total number of customers in Hong Kong and Macau remained steady at approximately 3.3 million (as of 30 June 2019: approximately 3.3 million). The Group continued to focus on enhancing its customer retention programmes, and was able to maintain a stable monthly postpaid churn rate of 1.1% (1H 2019: 1.1%). Local postpaid net ARPU increased by 5% to HK\$150 as a result of higher contribution from the corporate market.

### Net Interest and Other Finance Income

Net interest and other finance income (Post-IFRS 16 basis, with share of a joint venture) amounted to HK\$43 million for the first half of 2020, compared with HK\$82 million for the same period last year. This was mainly due to lower interest income as net cash balance reduced from HK\$9,555 million in the beginning of 2019 to HK\$5,536 million as of 30 June 2020 subsequent to the distribution of HK\$3,855 million special interim dividend and HK\$471 million cash settlement for the acquisition of the 24.1% interest in the mobile business in May 2019.

The Group continues to maintain a healthy financial position with a net cash position of HK\$5,536 million as of 30 June 2020 (31 December 2019: HK\$5,416 million). The improvement in net cash position during the first six months of the year was mainly due to better working capital management.

## Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 6% (1H 2019: 9%) of the Group's service revenue, reduced by 32% to HK\$105 million. The decrease was mainly due to timing of the 5G capital expenditure and rescheduling of other projects to better align with expected future benefits. The Group continues to be disciplined in scrutinising its projects with care and prudence and ensuring that adequate resources are made available in accordance with operational and technological needs.

## Spectrum Investment

In October 2019, the Group acquired 40 MHz in the 3500 MHz band for 15 years from 2020 for a spectrum utilisation fee of HK\$202 million through auction. Other than that, spectrum investment remained unchanged compared with the position as at 31 December 2019.

### Summary of spectrum investment

as of 30 June 2020

| Spectrum band    | Bandwidth           | Year of expiry    | Spectrum band | Bandwidth | Year of expiry |
|------------------|---------------------|-------------------|---------------|-----------|----------------|
| <b>Hong Kong</b> |                     |                   | <b>Macau</b>  |           |                |
| 900 MHz          | 10 MHz              | 2026              | 900 MHz       | 10 MHz    | 2023           |
| 900 MHz          | 16.6 MHz            | 2021 <sup>1</sup> | 1800 MHz      | 20 MHz    | 2023           |
| 1800 MHz         | 23.2 MHz            | 2021 <sup>1</sup> | 2100 MHz      | 10 MHz    | 2023           |
| 2100 MHz         | 29.6 MHz            | 2031              |               |           |                |
| 2300 MHz         | 30 MHz              | 2027              |               |           |                |
| 2600 MHz         | 30 MHz <sup>2</sup> | 2024              |               |           |                |
| 2600 MHz         | 10 MHz <sup>2</sup> | 2028              |               |           |                |
| 3300 MHz         | 30 MHz              | 2034              |               |           |                |
| 3500 MHz         | 40 MHz              | 2035              |               |           |                |

<sup>1</sup> After the spectrum auction and licence renewal in 2018, the licence period of the existing 16.6 MHz in the 900 MHz band was extended from November 2020 to January 2021 to align with the new spectrum assignment period. Subsequently, the Group will hold 10 MHz in the 900 MHz band and 30 MHz in the 1800 MHz band from 2021 to 2036.

<sup>2</sup> The spectrum band was shared under 50/50 joint venture - Genius Brand Limited.

# Group Capital Resources and Other Information

## 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. The Group's 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 the Group's 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. In general, financing is mainly derived from operating income to meet funding requirements of the operating subsidiaries of the Group. The Group regularly and closely monitors its overall cash position and determines when external source of finance is needed.

## Foreign currency exposure

The Group runs telecommunications operations principally in Hong Kong, with transactions denominated in Hong Kong dollars. The Group is exposed to other currency movements, primarily in terms of certain trade receivables or payables and bank deposits denominated in United States dollars, Macau Patacas, Renminbi, Euros and British pounds.

## Credit exposure

The Group's holdings of surplus funds with financial institutions expose the Group to credit risk of counterparties. The Group 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 2020, the Group recorded share capital of HK\$1,205 million and total equity of HK\$11,928 million.

As at 30 June 2020, the net cash of the Group was HK\$5,536 million (31 December 2019: HK\$5,416 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies.

## Charges on Group Assets

As at 30 June 2020 and 31 December 2019, 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 had no committed borrowing facilities as at 30 June 2020 (31 December 2019: Nil).

### Contingent Liabilities

As at 30 June 2020, the Group provided performance, financial and other guarantees of HK\$278 million (31 December 2019: HK\$106 million).

### Commitments

As at 30 June 2020, the Group had total capital commitments of property, plant and equipment of HK\$456 million (31 December 2019: HK\$271 million) and telecommunications licences of HK\$2,040 million (31 December 2019: HK\$2,242 million).

A subsidiary of the Group acquired various blocks of spectrum bands for the provision of telecommunications services in Hong Kong, certain of which over various assignment years/periods up to year 2021. The variable licence fees for these spectrum bands were charged on 5% of the network revenue or the Appropriate Fee (as defined in the Unified Carrier Licence), whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fee liabilities.

### Corporate Strategy

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for shareholders. Please refer to the Chairman's Statement, and Management Discussion and Analysis for discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering 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 is no guarantee for the 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 presented 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.

### Human Resources

As at 30 June 2020, the Group employed 979 (31 December 2019: 986) staff members (full-time and part-time) and on average 963 (1H 2019: 1,197) staff members during the six months ended 30 June 2020. Staff costs during the six months ended 30 June 2020, including directors' emoluments, totalled HK\$165 million (1H 2019: HK\$194 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 Other Information

### Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance on reducing energy consumption of its cellular network. In addition to environmental sustainability, the Group is also involved in a number of digital inclusion initiatives to help bridge the digital divide of the underprivileged. The Group is also continually improving its business practices and employee training in such best practices. It has adopted a proactive approach to ESG responsibility and has established a working group chaired by a Director and comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and to enhance the Group's ESG efforts.

### Review of Interim Financial Statements

The interim financial statements of the Group for the six months ended 30 June 2020 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 20 of the Interim Report. The interim financial statements of the Group for the six months ended 30 June 2020 has also been reviewed by the Audit Committee of the Company.

### Record Date for Interim Dividend

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Wednesday, 26 August 2020. In order to qualify for the interim dividend payable on Friday, 4 September 2020, 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, 26 August 2020.

### Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

# Disclosure of Interests

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2020, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the HTHKH Securities Code were as follows:

### (I) Interests and short positions in the shares, underlying shares and debentures of the Company

#### *Long positions in the shares and underlying shares of the Company*

| Directors             | Capacity                             | Nature of interests | Number of shares held       | Approximate % of shareholding |
|-----------------------|--------------------------------------|---------------------|-----------------------------|-------------------------------|
| Fok Kin Ning, Canning | Interest of a controlled corporation | Corporate interest  | 1,202,380 <sup>(Note)</sup> | 0.0249%                       |
| Lui Dennis Pok Man    | Beneficial owner                     | Personal interest   | 9,100,000                   | 0.1888%                       |
| Woo Chiu Man, Cliff   | Beneficial owner                     | Personal interest   | 2,001,333                   | 0.0415%                       |
| Koo Sing Fai          | Interest of spouse                   | Family interest     | 20,000                      | 0.0004%                       |

Note:

Such shares were held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.

## Disclosure of Interests

### (II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

#### *Long positions in the shares, underlying shares and debentures of the associated corporations of the Company*

Mr Fok Kin Ning, Canning had, as at 30 June 2020, the following interests:

- (i) corporate interests in 6,011,438 ordinary shares, representing approximately 0.15% of the issued voting shares, in CKHH; and
- (ii) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively.

Mr Fok Kin Ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mr Woo Chiu Man, Cliff had, as at 30 June 2020, 8,892 ordinary shares, representing approximately 0.0002% of the issued voting shares, in CKHH, comprising personal interests in 3,420 ordinary shares held in his capacity as a beneficial owner and family interests in 5,472 ordinary shares held by his spouse.

Mr Lai Kai Ming, Dominic in his capacity as a beneficial owner had, as at 30 June 2020, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKHH.

Ms Edith Shih had, as at 30 June 2020, the following interests:

- (i) 192,187 ordinary shares, representing approximately 0.0049% of the issued voting shares, in CKHH, comprising personal interests in 187,125 ordinary shares held in her capacity as a beneficial owner and family interests in 5,062 ordinary shares held by her spouse; and
- (ii) personal interests in a nominal amount of US\$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited held in her capacity as a beneficial owner.

Mr Ip Yuk Keung had, as at 30 June 2020, the following interests held jointly with another person:

- (i) 100,000 ordinary shares, representing approximately 0.0025% of the issued voting shares, in CKHH;
- (ii) a nominal amount of US\$500,000 in the 5.875% Guaranteed Perpetual Capital Securities issued by OVPH Limited and guaranteed by CK Infrastructure Holdings Limited; and
- (iii) a nominal amount of US\$250,000 in the 3.5% Notes due 2027 issued by CK Hutchison International (17) Limited.

Dr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 30 June 2020, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKHH.



Save as disclosed above, as at 30 June 2020, none of the Directors or Chief Executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the HTHKH Securities Code, to be notified to the Company and the Stock Exchange.

## Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and Chief Executive of the Company are aware, as at 30 June 2020, other than the interests and short positions of the Directors and Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

### (I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

#### Long positions in the shares of the Company

| Names  | Capacity                             | Number of shares held           | Total         | Approximate % of shareholding |
|--|--------------------------------------|---------------------------------|---------------|-------------------------------|
| Hutchison Telecommunications Investment Holdings Limited ("HTIHL") | Interest of a controlled corporation | 23,689,889 <sup>(1)</sup> )     |               |                               |
|  | Beneficial owner                     | 3,161,292,951 <sup>(2)</sup> )  | 3,184,982,840 | 66.09%                        |
| Gensis Lake Limited ("GLL")  | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| Dynamic Zamia Limited ("DZL")                                      | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| CK Hutchison Group Telecom Holdings Limited ("CKHGT")              | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| Barusley Limited ("BL")  | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| Askern Peak Limited ("APL")  | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| CK Hutchison Global Investments Limited ("CKHGI")                  | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |
| CKHH   | Interest of controlled corporations  | 3,184,982,840 <sup>(1)(2)</sup> | 3,184,982,840 | 66.09%                        |

## Disclosure of Interests

### (II) Interests and short positions of other persons in the shares and underlying shares of the Company

#### Long positions in the shares of the Company

| Names                                   | Capacity  | Number of shares held            | Total       | Approximate % of shareholding |
|---|---|----------------------------------|-------------|-------------------------------|
| Li Ka-shing                             | Founder of discretionary trusts                   | 153,280 <sup>(3)</sup>           | 404,132,779 | 8.38%                         |
|   | Interest of controlled corporations               | 403,979,499 <sup>(4)(5)(6)</sup> |             |                               |
| Li Tzar Kuoi, Victor                    | Discretionary beneficiary of discretionary trusts | 153,280 <sup>(3)</sup>           | 353,638,029 | 7.33%                         |
|   | Interest of controlled corporations               | 353,292,749 <sup>(4)(5)(7)</sup> |             |                               |
|   | Interest of child                                 | 192,000 <sup>(8)</sup>           |             |                               |
| Li Ka Shing Foundation Limited ("LKSF") | Beneficial owner                                  | 350,527,953 <sup>(5)</sup>       | 350,527,953 | 7.27%                         |

#### Notes:

- (1) Cheung Kong Enterprises Limited ("Cheung Kong Enterprises", a direct wholly owned subsidiary of HTIHL) holds 23,689,889 shares of the Company. By virtue of the SFO, HTIHL was deemed to be interested in the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (2) HTIHL is a direct wholly owned subsidiary of GLL. GLL in turn is a direct wholly owned subsidiary of DZL. DZL in turn is a direct wholly owned subsidiary of CKHGT. CKHGT in turn is a direct wholly owned subsidiary of BL. BL in turn is a direct wholly owned subsidiary of APL. APL in turn is a direct wholly owned subsidiary of CKHGI. CKHGI in turn is a direct wholly owned subsidiary of CKHH. By virtue of the SFO, each of CKHH, CKHGI, APL, BL, CKHGT, DZL and GLL was deemed to be interested in the 3,161,292,951 shares of the Company held by HTIHL and the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (3) Mr Li Ka-shing is the settlor of each of two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in The Li Ka-Shing Castle Trust ("UT3") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of UT3 holds 153,280 shares of the Company.
- The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid. Each of the trustee of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any shares of the Company comprising the trust assets of UT3.
- As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO, and by virtue of the above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the 153,280 shares of the Company held by TUT3 as trustee of UT3 under the SFO as substantial shareholders of the Company.
- (4) Among those shares, 245,546 shares are held by Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

- (5) *Among those shares, 350,527,953 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.*
- (6) *Among those shares, 53,206,000 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.*
- (7) *Among those shares, 2,519,250 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.*
- (8) *Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.*

Save as disclosed above, as at 30 June 2020, there was no other person (other than the Directors and Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

### Share Option Scheme

The Company's share option scheme expired on 20 May 2019 and there are no outstanding options under the scheme. The Group has no other share option scheme.

# Corporate Governance

The Company strives to attain and maintain high standards of corporate governance best suited to 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. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal controls systems, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

## Compliance with the Corporate Governance Code

The Company has complied throughout the six months ended 30 June 2020 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, other than that set out below.

The Board established the Nomination Committee chaired by the Chairman of the Board with all Directors as members. An ad hoc sub-committee, chaired by the Chairman comprising members in compliance with the code provision requirements under the Listing Rules for a nomination committee, will be established as and when required to facilitate the Nomination Committee in the selection and nomination process. The Board is of the view that the ultimate responsibilities for the selection, nomination and appointment of Directors rest with the Board as a whole and it is in the best interests of the Company that the Board collectively reviews and determines the structure, size and composition of the Board as well as the succession plan for Directors, as and when appropriate.

## Compliance with the Model Code for Securities Transactions by Directors of the Company

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 confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the six months ended 30 June 2020.

## Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of the 2019 Annual Report are set out below:

| Directors               | Details of changes  |
|-------------------------|---|
| Fok Kin Ning, Canning   | <p>Non-executive Director of TPG Telecom Limited ("TPG"), the shares of which were listed on the Australian Securities Exchange with effect from 30 June 2020</p> <p>Appointed as member of the Governance, Remuneration &amp; Nomination Committee of TPG on 13 July 2020</p>  |
| Koo Sing Fai            | Appointed as member of the Sustainability Committee of the Company on 29 July 2020  |
| Edith Shih              | <p>Appointed as:</p> <ul style="list-style-type: none"> <li>- Chairman of the Sustainability Committee of the Company on 29 July 2020</li> <li>- member of the Sustainability Committee of CKHH on 19 June 2020</li> </ul> <p>Ceased to act as International President and Executive Committee Chairman of The Chartered Governance Institute on 1 July 2020</p>      |
| Wong Yick Ming, Rosanna | <p>Appointed as:</p> <ul style="list-style-type: none"> <li>- member of the Sustainability Committee of the Company on 29 July 2020</li> <li>- member of the Sustainability Committee of CKHH on 19 June 2020</li> </ul>  |
| Ma Lai Chee, Gerald     | <p>Appointed as Vice Chairman and Independent Non-executive Director of Goldin Financial Holdings Limited ("Goldin", the shares of which are listed on the Main Board of the Stock Exchange) on 23 July 2020</p> <p>Re-designated from Vice Chairman and Independent Non-executive Director to Vice Chairman and Non-executive Director of Goldin on 23 July 2020</p> |

# 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 21 to 34, 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 2020 and 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 a summary of significant accounting policies and other 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 2020

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

|  | Note | Unaudited<br>2020<br>HK\$ million | Unaudited<br>2019<br>HK\$ million |
|--|------|-----------------------------------|-----------------------------------|
| Revenue  | 4    | 1,982                             | 2,515                             |
| Cost of inventories sold   |      | (315)                             | (724)                             |
| Staff costs  |      | (165)                             | (194)                             |
| Expensed customer acquisition and retention costs  |      | (47)                              | (95)                              |
| Depreciation and amortisation  |      | (608)                             | (603)                             |
| Other operating expenses   |      | (710)                             | (750)                             |
|  |      | 137                               | 149                               |
| Interest and other finance income  | 6    | 72                                | 109                               |
| Interest and other finance costs   | 6    | (20)                              | (17)                              |
| Share of result of a joint venture   |      | (2)                               | (2)                               |
| <b>Profit before taxation</b>  |      | <b>187</b>                        | <b>239</b>                        |
| Taxation   | 7    | (41)                              | (43)                              |
| <b>Profit and total comprehensive income for the period, net of tax</b>                                  |      | <b>146</b>                        | <b>196</b>                        |
| <b>Attributable to:</b>  |      |                                   |                                   |
| Shareholders of the Company  |      | 146                               | 188                               |
| Non-controlling interests  |      | -                                 | 8                                 |
|  |      | 146                               | 196                               |
| <b>Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):</b> |      |                                   |                                   |
| - basic  | 8    | 3.03                              | 3.90                              |
| - diluted  | 8    | 3.03                              | 3.90                              |

Details of interim dividend payable to shareholders of the Company are set out in Note 9. The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

|  | Note | Unaudited<br>30 June<br>2020<br>HK\$ million | Audited<br>31 December<br>2019<br>HK\$ million |
|--|------|--|--|
| <b>Non-current assets</b>                  |      |  |  |
| Property, plant and equipment              | 10   | 2,250  | 2,326  |
| Goodwill                                   |      | 2,155  | 2,155  |
| Telecommunications licences                |      | 2,310  | 2,238  |
| Right-of-use assets                        |      | 566  | 435  |
| Customer acquisition and retention costs   |      | 149  | 142  |
| Contract assets                            |      | 159  | 173  |
| Other non-current assets                   | 11   | 243  | 227  |
| Deferred tax assets                        |      | 129  | 169  |
| Investment in a joint venture              |      | 307  | 336  |
| <b>Total non-current assets</b>            |      | <b>8,268</b>                                 | 8,201  |
| <b>Current assets</b>                      |      |  |  |
| Cash and cash equivalents                  | 12   | 5,536  | 5,416  |
| Trade receivables and other current assets | 13   | 698  | 564  |
| Contract assets                            |      | 226  | 240  |
| Inventories                                |      | 69   | 55   |
| <b>Total current assets</b>                |      | <b>6,529</b>                                 | 6,275  |
| <b>Current liabilities</b>                 |      |  |  |
| Trade and other payables                   | 14   | 1,539  | 1,509  |
| Contract liabilities                       |      | 175  | 142  |
| Lease liabilities                          |      | 342  | 300  |
| Current income tax liabilities             |      | 3  | 24   |
| <b>Total current liabilities</b>           |      | <b>2,059</b>                                 | 1,975  |
| <b>Non-current liabilities</b>             |      |  |  |
| Lease liabilities                          |      | 221  | 129  |
| Other non-current liabilities              | 15   | 589  | 409  |
| <b>Total non-current liabilities</b>       |      | <b>810</b>                                   | 538  |
| <b>Net assets</b>                          |      | <b>11,928</b>                                | 11,963   |
| <b>Capital and reserves</b>                |      |  |  |
| Share capital                              | 16   | 1,205  | 1,205  |
| Reserves                                   |      | 10,723                                       | 10,758   |
| <b>Total equity</b>                        |      | <b>11,928</b>                                | 11,963   |

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



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

|   | Unaudited                                   |                               |  |                                 |                                |                       |   |                              |
|---|---|-------------------------------|--|---------------------------------|--------------------------------|-----------------------|---|------------------------------|
|   | Attributable to shareholders of the Company |                               |  |                                 |                                |                       |   |                              |
|   | Share capital<br>HK\$ million               | Share premium<br>HK\$ million | (Accumulated losses)/<br>retained earnings<br>HK\$ million | Pension reserve<br>HK\$ million | Other reserves<br>HK\$ million | Total<br>HK\$ million | Non-controlling interests<br>HK\$ million | Total equity<br>HK\$ million |
|   |   |                               |  |                                 |                                |                       |   |                              |
| <b>At 1 January 2020</b>                                | <b>1,205</b>                                | <b>11,185</b>                 | <b>(286)</b>   | <b>148</b>                      | <b>(289)</b>                   | <b>11,963</b>         | <b>-</b>                                  | <b>11,963</b>                |
| Profit for the period                                   | -   | -                             | 146  | -                               | -                              | 146                   | -   | 146                          |
| Dividend relating to 2019 paid in 2020 (Note 9)         | -   | -                             | (181)  | -                               | -                              | (181)                 | -   | (181)                        |
| Transfer between reserves                               | -   | -                             | (25)   | 25                              | -                              | -                     | -   | -                            |
| <b>At 30 June 2020</b>                                  | <b>1,205</b>                                | <b>11,185</b>                 | <b>(346)</b>   | <b>173</b>                      | <b>(289)</b>                   | <b>11,928</b>         | <b>-</b>                                  | <b>11,928</b>                |
| <b>At 1 January 2019</b>                                | <b>1,205</b>                                | <b>11,185</b>                 | <b>3,435</b>   | <b>140</b>                      | <b>4</b>                       | <b>15,969</b>         | <b>170</b>                                | <b>16,139</b>                |
| Profit for the period                                   | -   | -                             | 188  | -                               | -                              | 188                   | 8   | 196                          |
| Dividend relating to 2018 paid in 2019 (Note 9)         | -   | -                             | (4,009)  | -                               | -                              | (4,009)               | -   | (4,009)                      |
| Acquisition of non-controlling interests <sup>(i)</sup> | -   | -                             | -  | -                               | (293)                          | (293)                 | (178)                                     | (471)                        |
| <b>At 30 June 2019</b>                                  | <b>1,205</b>                                | <b>11,185</b>                 | <b>(386)</b>   | <b>140</b>                      | <b>(289)</b>                   | <b>11,855</b>         | <b>-</b>                                  | <b>11,855</b>                |

(i) On 31 May 2019, the Group effectively acquired the entire 24.1% interests in each of Hutchison Telephone Company Limited ("HTCL"), which indirectly held 100% interests in Hutchison Telephone (Macau) Company Limited ("HTMCL"), and Hutchison 3G HK Holdings Limited ("H3GHK") from NTT DOCOMO, Inc., a subsidiary of Nippon Telegraph and Telephone Corporation, at a consideration of US\$60 million (approximately HK\$471 million). Consequently, HTCL, HTMCL and H3GHK became wholly-owned subsidiaries of the Group. The difference of HK\$293 million between the proportionate share of the carrying amount of net assets of these subsidiaries and the consideration paid for the additional interests have been debited to other reserves of the Group.

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

|  | Note | Unaudited<br>2020<br>HK\$ million | Unaudited<br>2019<br>HK\$ million |
|--|------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>              |      |                                   |                                   |
| Cash generated from operations                           | 17   | 822                               | 564                               |
| Interest and other finance costs paid                    |      | (14)                              | (13)                              |
| Tax paid   |      | (22)                              | -                                 |
| <b>Net cash from operating activities</b>                |      | <b>786</b>                        | <b>551</b>                        |
| <b>Cash flows from investing activities</b>              |      |                                   |                                   |
| Purchases of property, plant and equipment               |      | (105)                             | (154)                             |
| Additions to telecommunications licences                 |      | (202)                             | -                                 |
| Proceeds from disposals of property, plant and equipment |      | -                                 | 1                                 |
| Interest received  |      | 65                                | 132                               |
| Loan to a joint venture                                  |      | (28)                              | (26)                              |
| <b>Net cash used in investing activities</b>             |      | <b>(270)</b>                      | <b>(47)</b>                       |
| <b>Cash flows from financing activities</b>              |      |                                   |                                   |
| Principal elements of lease payments                     |      | (215)                             | (226)                             |
| Dividends paid to the shareholders of the Company        | 9    | (181)                             | (4,009)                           |
| Acquisition of non-controlling interests                 |      | -                                 | (471)                             |
| <b>Net cash used in financing activities</b>             |      | <b>(396)</b>                      | <b>(4,706)</b>                    |
| Increase/(decrease) in cash and cash equivalents         |      | 120                               | (4,202)                           |
| Cash and cash equivalents at 1 January                   |      | 5,416                             | 9,555                             |
| Cash and cash equivalents at 30 June                     |      | 5,536                             | 5,353                             |

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

# 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") is 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 2020.

## 2 Basis of Preparation

These interim financial statements for the six months ended 30 June 2020 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 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These interim financial statements have been prepared under the historical cost convention and on a going concern basis.

The COVID-19 pandemic has evolved rapidly during the first six months of 2020, with the number of cases reported around the world continue to increase. Travel restrictions and other precautionary measures imposed by various governments to contain the virus have adversely affected the economic activities. In response to this adversity, the Group has taken a number of proactive measures to reduce the impact of the pandemic on its business. The Group's roaming revenue has inevitably been affected to some extent during the first half of the year but the related impact to the overall operating results has been largely offset by the continuous cost improvement exercise to further streamline the daily operations. Given the extent and duration of the COVID-19 pandemic remain uncertain, the Group's estimates and assumptions may evolve as conditions change and the 2020 full year actual results could differ from those estimates. The Group will remain vigilant and closely monitor the development of the COVID-19 situation and will evaluate its impact on the Group's financial position and operating results accordingly.

## 3 Significant 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 2019 annual financial statements, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2020. In addition, the Group has early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) ahead of its effective date and applied the amendment from 1 January 2020. The adoption of these new or revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

## Notes to the Condensed Consolidated Interim Financial Statements

### 4 Revenue

Revenue comprises revenues from provision of mobile telecommunications and other related service as well as sales of telecommunications hardware. An analysis of revenue is as follows:

|   | Six months ended 30 June |                      |
|---|--------------------------|----------------------|
|   | 2020<br>HK\$ million     | 2019<br>HK\$ million |
| Mobile telecommunications and other related service | 1,664                    | 1,782                |
| Telecommunications hardware                         | 318                      | 733                  |
|   | <b>1,982</b>             | 2,515                |

#### Disaggregation of revenue

The Group derives revenue from the provision of services and delivery of goods by timing of satisfaction of performance obligations as follows:

|                                | Six months ended 30 June |                      |
|--------------------------------|--------------------------|----------------------|
|                                | 2020<br>HK\$ million     | 2019<br>HK\$ million |
| Timing of revenue recognition: |                          |                      |
| Over time                      | 1,664                    | 1,782                |
| At a point in time             | 318                      | 733                  |
|                                | <b>1,982</b>             | 2,515                |

### 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, i.e. mobile telecommunications business.

## 6 Interest and Other Finance Income, Net

|   | Six months ended 30 June |                      |
|---|--------------------------|----------------------|
|   | 2020<br>HK\$ million     | 2019<br>HK\$ million |
| Interest and other finance income:                  |                          |                      |
| Bank interest income                                | 63                       | 99                   |
| Interest income from a joint venture                | 9                        | 10                   |
|   | 72                       | 109                  |
| Interest and other finance costs:                   |                          |                      |
| Notional non-cash interest accretion <sup>(i)</sup> | (14)                     | (12)                 |
| Guarantee and other finance fees                    | (6)                      | (5)                  |
|   | (20)                     | (17)                 |
| Interest and other finance income, net              | 52                       | 92                   |

(i) Notional non-cash 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.

## 7 Taxation

|           | Six months ended 30 June            |                                      |                       |                                     |                                      |                       |
|-----------|-------------------------------------|--------------------------------------|-----------------------|-------------------------------------|--------------------------------------|-----------------------|
|           | 2020                                |                                      |                       | 2019                                |                                      |                       |
|           | Current<br>taxation<br>HK\$ million | Deferred<br>taxation<br>HK\$ million | Total<br>HK\$ million | Current<br>taxation<br>HK\$ million | Deferred<br>taxation<br>HK\$ million | Total<br>HK\$ million |
| Hong Kong | 1                                   | 40                                   | 41                    | 11                                  | 32                                   | 43                    |

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2019: 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.

## 8 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK\$146 million (30 June 2019: HK\$188 million) and on the weighted average number of 4,819,096,208 (30 June 2019: 4,818,969,136) ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 30 June 2020 is the same as basic earnings per share as there is no potential dilutive shares during the period.

The diluted earnings per share for the six months ended 30 June 2019 was calculated by adjusting the weighted average number of 4,818,969,136 ordinary shares in issue with the weighted average number of 87,081 ordinary shares deemed to be issued assuming the exercise of the share options.

## 9 Dividends

|                                       | Six months ended 30 June |      |
|---------------------------------------|--------------------------|------|
|                                       | 2020                     | 2019 |
| Interim dividend (HK\$ million)       | 110                      | 141  |
| Interim dividend per share (HK cents) | 2.28                     | 2.93 |

In addition, final dividend in respect of year 2019 of 3.75 HK cents per share (30 June 2019: 3.20 HK cents per share) totalling HK\$181 million (30 June 2019: HK\$154 million) was approved and paid during the six months ended 30 June 2020. Special interim dividend in respect of year 2018 of 80.00 HK cents per share totalling HK\$3,855 million was paid during the six months ended 30 June 2019.

## 10 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$105 million (30 June 2019: HK\$154 million). Property, plant and equipment with a net book value of HK\$0.5 million (30 June 2019: HK\$0.8 million) was disposed of during the period, resulting in an insignificant loss (30 June 2019: insignificant loss).

## 11 Other Non-Current Assets

|                      | <b>30 June<br/>2020</b> | 31 December<br>2019 |
|----------------------|-------------------------|---------------------|
|                      | <b>HK\$ million</b>     | HK\$ million        |
| Prepayments          | 201                     | 186                 |
| Non-current deposits | 32                      | 29                  |
| Pension assets       | 10                      | 12                  |
|                      | <b>243</b>              | 227                 |

## 12 Cash and Cash Equivalents

|                           | <b>30 June<br/>2020</b> | 31 December<br>2019 |
|---------------------------|-------------------------|---------------------|
|                           | <b>HK\$ million</b>     | HK\$ million        |
| Cash at banks and in hand | 90                      | 117                 |
| Short-term bank deposits  | 5,446                   | 5,299               |
|                           | <b>5,536</b>            | 5,416               |

The carrying values of cash and cash equivalents approximate their fair values.

## 13 Trade Receivables and Other Current Assets

|  | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|--|---------------------------------|-------------------------------------|
| Trade receivables                                  | 310                             | 303                                 |
| Less: Loss allowance provision                     | (54)                            | (42)                                |
| Trade receivables, net of provision <sup>(a)</sup> | 256                             | 261                                 |
| Other receivables                                  | 97                              | 101                                 |
| Prepayments and deposits                           | 345                             | 202                                 |
|  | <b>698</b>                      | 564                                 |

The carrying values of trade receivables, other receivables and deposits approximate their fair values. The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on 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, net of provision

|   | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|---|---------------------------------|-------------------------------------|
| The ageing analysis of trade receivables, by invoice date, net of loss allowance provision is as follows: |                                 |                                     |
| 0 - 30 days   | 133                             | 146                                 |
| 31 - 60 days  | 30                              | 43                                  |
| 61 - 90 days  | 13                              | 14                                  |
| Over 90 days  | 80                              | 58                                  |
|   | <b>256</b>                      | 261                                 |



## 14 Trade and Other Payables

|   | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|---|---------------------------------|-------------------------------------|
| Trade payables <sup>(a)</sup>               | 303                             | 325                                 |
| Other payables and accruals                 | 1,059                           | 1,009                               |
| Receipts in advance                         | 89                              | 102                                 |
| Current portion of licence fees liabilities | 88                              | 73                                  |
|   | <b>1,539</b>                    | <b>1,509</b>                        |

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

## (a) Trade payables

|  | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|--|---------------------------------|-------------------------------------|
| The ageing analysis of trade payables is as follows: |                                 |                                     |
| 0 - 30 days  | 155                             | 180                                 |
| 31 - 60 days   | 61                              | 20                                  |
| 61 - 90 days   | 3                               | 13                                  |
| Over 90 days   | 84                              | 112                                 |
|  | <b>303</b>                      | <b>325</b>                          |

## 15 Other Non-Current Liabilities

|                                      | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|--------------------------------------|---------------------------------|-------------------------------------|
| Non-current licence fees liabilities | 383                             | 204                                 |
| Assets retirement obligations        | 206                             | 205                                 |
|                                      | <b>589</b>                      | <b>409</b>                          |

## 16 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 2019: Same).

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

|  | Ordinary share of<br>HK\$0.25 each |  |
|--|------------------------------------|--|
|  | Number of<br>shares                | Issued and<br>fully paid<br>HK\$ million |
| At 1 January 2019  | 4,818,896,208                      | 1,205                                    |
| Issuance of shares arising from exercise of employee<br>share options <sup>(i)</sup> | 200,000                            | -  |
| At 31 December 2019, 1 January 2020 and 30 June 2020                                 | 4,819,096,208                      | 1,205                                    |

### (c) Share options of the Company

The Company's share option scheme was approved on 21 May 2009. The Board of Directors may, under the share option scheme, grant share options to directors, non-executive directors or employees of the Group. The share option scheme was valid and effective during the period from 21 May 2009 to 20 May 2019. After 20 May 2019, no further share options could be granted under the share option scheme.

The movements in the number of share options outstanding and their related weighted average exercise price were as follows:

|  | Weighted<br>average<br>exercise price<br>per share<br>HK\$ | Number of<br>share options<br>granted |
|--|--|---------------------------------------|
| At 1 January 2019                                    | 1.00   | 200,000                               |
| Exercised  | 1.00   | (200,000)                             |
| At 31 December 2019, 1 January 2020 and 30 June 2020 |  | -                                     |

The exercise price of the share options granted was equal to the market price of the shares on the date of grant. The share options were exercisable during a period, subject to the vesting schedule, commencing on the date on which the share options were deemed to have been granted and ending on the date falling ten years from the date of grant of the share options (subject to early termination thereof). Share options exercised during the six months ended 30 June 2019 resulted in 200,000 ordinary shares of HK\$0.25 each being issued at a weighted average exercise price of HK\$1.00 each. The related weighted average share price at the date of exercise was HK\$3.30 per share.

As at 30 June 2020, no share options were outstanding (31 December 2019: Same).

## 17 Cash Generated from Operations

|  | Six months ended 30 June |                      |
|--|--------------------------|----------------------|
|  | 2020<br>HK\$ million     | 2019<br>HK\$ million |
| <b>Cash flows from operating activities</b>                  |                          |                      |
| Profit before taxation                                       | 187                      | 239                  |
| Adjustments for:   |                          |                      |
| - Interest and other finance income                          | (72)                     | (109)                |
| - Interest and other finance costs                           | 20                       | 17                   |
| - Depreciation and amortisation                              | 608                      | 603                  |
| - Capitalisation of customer acquisition and retention costs | (86)                     | (69)                 |
| - Share of result of a joint venture                         | 2                        | 2                    |
| Changes in working capital                                   |                          |                      |
| - (Increase)/decrease in trade receivables and other assets  | (126)                    | 17                   |
| - (Increase)/decrease in inventories                         | (14)                     | 37                   |
| - Increase/(decrease) in trade and other payables            | 301                      | (175)                |
| - Changes in retirement benefits                             | 2                        | 2                    |
| Cash generated from operations                               | 822                      | 564                  |

## 18 Contingent Liabilities

The Group had contingent liabilities in respect of the following:

|                        | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|------------------------|---------------------------------|-------------------------------------|
| Performance guarantees | 134                             | 34                                  |
| Financial guarantees   | 144                             | 72                                  |
|                        | 278                             | 106                                 |

### 19 Commitments

Outstanding commitments of the Group not provided for in these interim financial statements are as follows:

#### (a) Capital commitments

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

|                               | 30 June<br>2020<br>HK\$ million | 31 December<br>2019<br>HK\$ million |
|-------------------------------|---------------------------------|-------------------------------------|
| Property, plant and equipment | 456                             | 271                                 |
| Telecommunications licences   | 2,040                           | 2,242                               |
|                               | <b>2,496</b>                    | 2,513                               |

In 2018, HTCL, a subsidiary of the Group, exercised a right of first refusal for the re-assignment of a block of 20 MHz spectrum at the 1800 MHz band, and bid a block of 10 MHz spectrum at the 900 MHz band and a block of 10 MHz spectrum at the 1800 MHz band (collectively, the "2018 Re-assigned and Bidded Spectrums"), for a 15-year period (commencing January 2021 for 900 MHz band and September 2021 for 1800 MHz band) at aggregate Spectrum Utilisation Fee ("SUF") of approximately HK\$2,040 million. Standby letters of credit in the same amount were issued in favour of the Communications Authority of Hong Kong in relation to the 2018 Re-assigned and Bidded Spectrums.

SUF for the 2018 Re-assigned and Bidded Spectrums are payable either (i) in full as a lump sum payment upfront (by November 2020 for 900 MHz band and by July 2021 for 1800 MHz band); 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 2.5%.

In 2019, HTCL successfully bid a block of 40 MHz spectrum at the 3500 MHz band for a 15-year period commencing April 2020 at SUF of approximately HK\$202 million, which was recognised as telecommunications licences during the six months ended 30 June 2020.

#### (b) Telecommunications licence fees

A subsidiary of the Group acquired various blocks of spectrum bands for the provision of telecommunications services in Hong Kong, certain of which over various assignment years/periods up to year 2021. The variable licence fees for these spectrum bands were charged on 5% of the network revenue or the Appropriate Fee (as defined in the Unified Carrier Licence), whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fee liabilities.

### 20 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).

# Glossary

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

| Terms                   | Definitions   |
|-------------------------|---|
| "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) |
| "COVID-19"              | coronavirus disease 2019  |
| "Director(s)"           | director(s) of the Company  |
| "EBIT"                  | earnings before interest and other finance income, interest and other finance costs, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT                                      |
| "EBITDA"                | earnings before interest and other finance income, interest and other finance costs, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA     |
| "ESG"                   | environmental, social and governance  |
| "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   |

## Glossary

| Terms                          | Definitions   |
|--------------------------------|---|
| "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)   |
| "Postpaid gross ARPU"          | monthly average spending per postpaid user including a customer's contribution to mobile devices 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 handset under the non-subsidised handset business model                                   |
| "service EBITDA/EBIT"          | EBITDA/EBIT excluding standalone handset sales margin   |
| "SFO"                          | Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time                              |
| "Stock Exchange"               | The Stock Exchange of Hong Kong Limited   |

# Information for Shareholders

## Listing

The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

## Stock Code

215

## Financial Calendar

Record Date for 2020 Interim Dividend: 26 August 2020  
Payment of 2020 Interim Dividend: 4 September 2020

## Registered Office

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## Investor Information

Corporate press releases, financial reports and other investor information are available online on the website of the Company.

## Investor Relations Contact

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**Hutchison** Telecom  
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