Hutchison Telecom
Hong Kong Holdings

GLOBAL NETWORK DIGITALLY CONNECTED

2022 ANNUAL 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)

A member of CK Hutchison Holdings

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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), HKFCG(CS, CGP)(PE)

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

Independent Non-executive Directors

CHOW Ching Yee, Cynthia*, BA, MBA

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

Nomination Committee

WONG Yick Ming, Rosanna *(Chairman)*

Edith SHIH

IP Yuk Keung

Remuneration Committee

LAN Hong Tsung, David *(Chairman)*

FOK Kin Ning, Canning

IP Yuk Keung

Sustainability Committee

Edith SHIH *(Chairman)*

KOO Sing Fai

WONG Yick Ming, Rosanna

Company Secretary

Edith SHIH

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

* Appointed on 28 December 2022

Financial Highlights

	2022 HK$ million	2021 HK$ million	Change
Service revenue	3,278	3,241	+1%
Local service revenue	*2,981*	*2,980*	-
Roaming service revenue	*297*	*261*	*+14%*
Total EBITDA [(1)]	1,420	1,477	-4%
Total (LBIT)/EBIT [(2)]	(81)	132	-161%
(Loss)/profit attributable to shareholders	(158)	4	-4050%
(Loss)/earnings per share (in HK cents)	(3.28)	0.08	-4200%
Final dividend per share (in HK cents)	5.21	5.21	-

Notes:

(1) EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of a joint venture. EBITDA is defined as earnings before net interest and other finance costs, taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

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CORPORATE PROFILE AND AWARDS

The Group offers diverse and innovative mobile and data solutions under the **3** brand in Hong Kong and Macau, providing seamless network connectivity for its customers and the local communities.

Corporate Profile

Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"; stock code: 215) and its subsidiaries (together referred to as the "Group") is one of the leading mobile telecommunications operators in Hong Kong and Macau, providing advanced mobile communications services under the **3** brand and channeling the latest technologies into innovations that set market trends and steer industry development for more than 30 years.

HTHKH is listed on the Main Board of the Stock Exchange and features in various Hang Seng indexes including the Composite Index, Composite Industry Index – Telecommunications, Composite SmallCap Index, Composite MidCap & SmallCap Index, Stock Connect HK Composite Index and Corporate Sustainability Benchmark.

3 Hong Kong, the mobile arm of HTHKH, plays a prominent role in developing a new economic ecosystem by serving consumers and corporate customers from a diversity of capabilities in fields such as the Internet-of-Things and 5G technology.

Operating under the **3**, **3Supreme**, **MO+** and **SoSIM** brands, **3** Hong Kong offers an array of advanced mobile devices and smart solutions including a rich portfolio of mobile and data services, as well as applications for the transition into an era of digital transformation.

3 Hong Kong has invested more than HK$3 billion in its mobile network expansion and 5G network development since 2019, promoting digitalised lifestyles and enabling transformative impacts of a digitally-connected city. **3** Hong Kong is committed to contributing to Hong Kong's development as a smart city, as well as opening up new opportunities in the era of the Metaverse and Web3.0.

3 Macau is committed to promoting the development of mobile telecommunications business and technology through diverse and innovative mobile and data services, striving to provide a seamless network connectivity for its customers and the local community.

• **3** Hong Kong is committed to opening up new opportunities in the era of the Metaverse and Web3.0.

• **3** Hong Kong continues to enhance its network coverage.

Awards

Corporate

8th Investor Relations Awards - Certificate of Excellence
Hong Kong Investor Relations Association

13th Asia's Best Employer Brand Awards - Asia's Best Employer Brand
Employer Branding Institute, World HRD Congress & Stars of the Industry Group

15 Years Plus Caring Company
The Hong Kong Council of Social Service

Corporate Innovation Index – Top 20 companies
The Asia-Pacific Institute of Business, The Chinese University of Hong Kong

HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards
- Innovation and Technology - Telecommunications

Metro Broadcast and Hong Kong Coalition

Hong Kong Corporate Governance and ESG Excellence Awards
- Honourable Mention in ESG Excellence Award

The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University

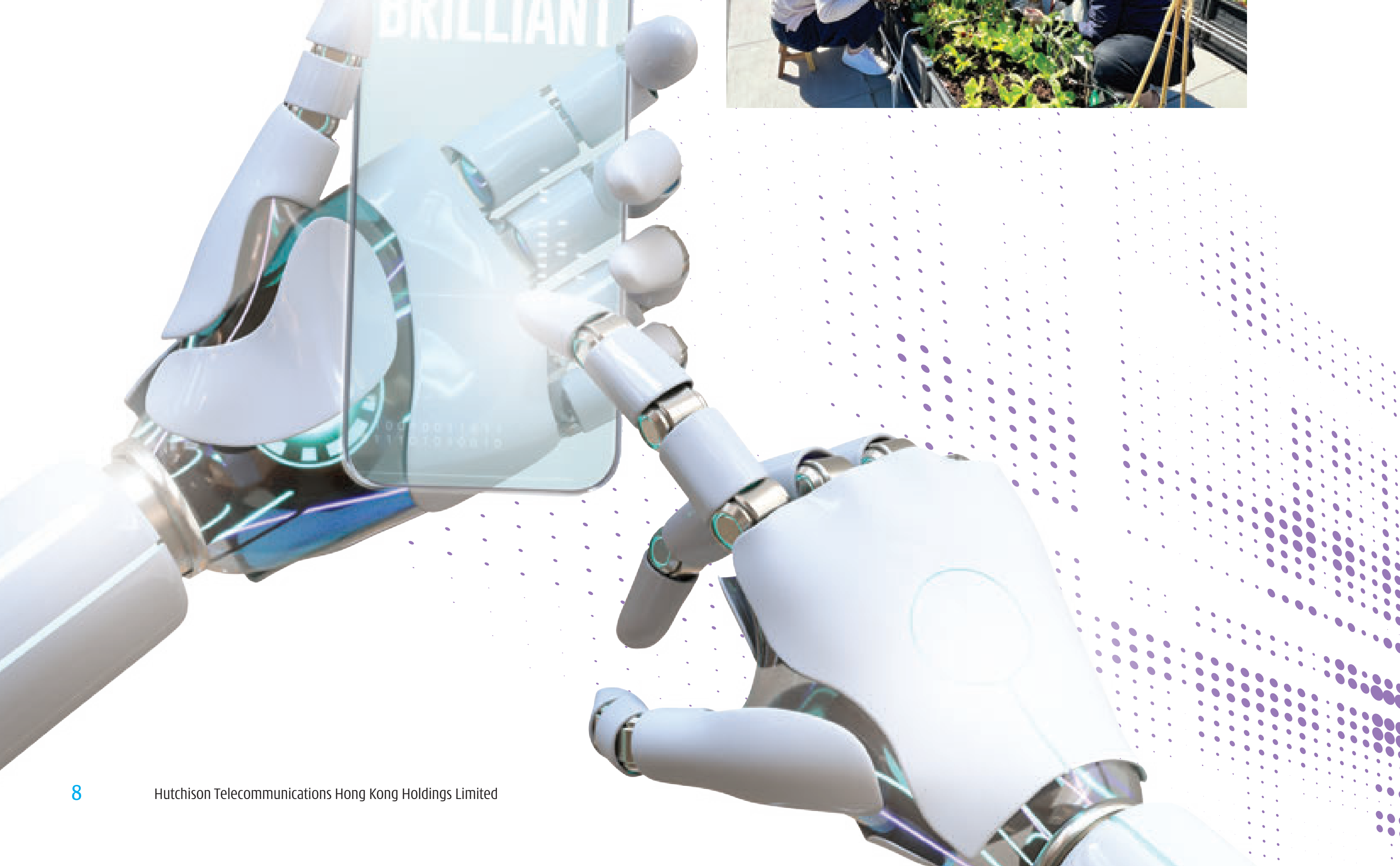
Hong Kong Green Organisation Certification
- Wastewi$e Certificate – Good Level

Environmental Campaign Committee

The 100% HK Branding Award - Outstanding Corporate Social Responsibility in Environment
Greater-China Association of Branding Industry and the Hong Kong WEEE Recycling Association

United Nations Sustainable Development Goals - Green Office Awards Labelling Scheme
World Green Organisation

Eco-Healthy Workplace Awards Labelling Scheme
World Green Organisation



3 Hong Kong

4th Asia's Best E-Tailing Awards
- Top 5 Best Companies
- Best Customer Engagement (Telecom)

The Best Practice of eCommerce Alliance

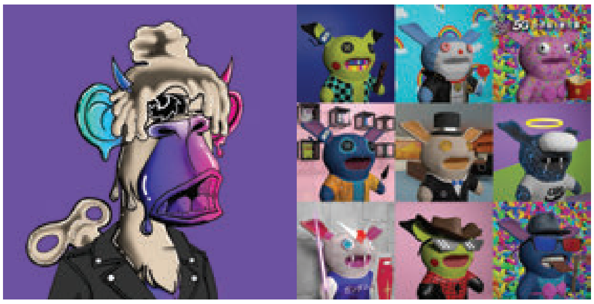
Asia-Pacific Stevie Awards :
3 Hong Kong's Passion Beyond Imagination Campaign
- Award for Innovation in Brand Development - Silver Award
- Award for Innovation in Consumer Events - Silver Award

The Stevies

Best of I.T. Award – Commercial 5G Network Service Provider
PC Market magazine

Digital EX Award – Best in 5G Mobile Operator
Metro Finance

Excellence in Art Tech Innovation Award
NEXXCREATE



Hong Kong Digital Brand Awards - 5G Application and Metaverse Industry – Excellence in 5G Mobile Network Service
Metro Broadcast and The Chamber of Hong Kong Computer Industry

Partner of the Year
- Enterprise Mobile and Connectivity Service

HKBN Enterprise Solutions

Stevie Awards – The International Business Awards:
3 Hong Kong's Real Name Registration Solution
- Artificial Intelligence / Machine Learning Solution - Bronze Award

The Stevies

Stevie Awards – The International Business Awards:
3 Hong Kong's Passion Beyond Imagination Campaign
- Brand Experience of the Year – Consumer – Bronze Award

The Stevies

The 54th Distinguished Salesperson Award Programme
The Hong Kong Management Association Sales and Marketing Executives Club

Chairman's Statement

Although still at a modest pace, recovery accelerated in the second half of 2022 after a turbulent fifth wave of COVID-19 pandemic hitting hard on the local economy in Hong Kong. As containment measures and travel restrictions gradually eased, service revenue of the Group increased by HK$37 million or 1% to HK$3,278 million, with a rebound in roaming service revenue by 14% year-on-year. Local service revenue remained resilient and was largely in line with last year amid a challenging market landscape during the first half.

Total revenue of the Group fell by HK$503 million or 9% to HK$4,882 million, mainly due to a 25% drop in revenue from hardware and other products which reflected constraints in the supply chain.

EBITDA decreased by HK$57 million or 4% to HK$1,420 million, mainly attributable to lower hardware and other product revenue, as well as higher network operating costs stemming from the Group's focussed efforts on the expansion and enhancement of 5G network coverage.

LBIT of HK$81 million shifted downward by HK$213 million or 161% compared with last year. This decrease was mostly due to the factors that impacted EBITDA, the full year impact of amortisation for the spectrum licence which was renewed at a higher spectrum utilisation fee in 2021, higher amortisation as the 700 MHz spectrum band was activated during the year, as well as higher depreciation for the Group's investments in network infrastructure and related-technologies, which in total accounted for HK$199 million of the downward movement in LBIT.

Loss attributable to shareholders and loss per share were HK$158 million and 3.28 HK cents respectively. The cash and bank balances of the Group decreased from HK$3,975 million at the beginning of 2022 to HK$3,700 million as of 31 December 2022, mainly due to the settlement of the 2021 final dividend and the 2022 interim dividend.

The Group's total number of customers in Hong Kong and Macau was approximately 3.3 million as of 31 December 2022, a slight increase compared with last year at approximately 3.2 million. This increase was largely driven by growth in prepaid customers and 5G postpaid subscriptions.

Postpaid customer churn rate improved significantly from 1.2% last year to a low 0.8% level due to the Group's network improvement as well as its continuous delivery of effective customer retention strategies, boosting customer engagement and loyalty.

Hindered by the growth pressure due to keen competition and unfavourable economic conditions during the first half of 2022, postpaid net ARPU decreased by 2% to HK$168 compared with last year. However, the gradual recovery in the second half of 2022 rendered an encouraging improvement in postpaid net ARPU compared with the first half.

Dividend

The Board recommends a final dividend of 5.21 HK cents per share for 2022 (2021 final dividend: 5.21 HK cents), payable on Monday, 29 May 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 17 May 2023, being the record date for determining shareholders' entitlement to the proposed final dividend. Combining with the interim dividend of 2.28 HK cents per share, the full year dividend amounts to 7.49 HK cents per share (2021 full year dividend: 27.29 HK cents per share, including a special interim dividend of 19.80 HK cents).

Outlook

The Group has weathered the challenging times, while continuing to enhance network performance and maintain service quality excellence through network infrastructure enhancement and digital development.

Other than the activation of its commercial 5G network on the 700 MHz spectrum band, the Group expanded its 5G network to the East Rail Line Cross-Harbour Extension of the MTR, and the Tseung Kwan O – Lam Tin Tunnel and Cross Bay Link during the year. With the Group's huge efforts on the expansion and enhancement of its network, the number of 5G base stations increased by more than 50% compared to the third quarter of 2020, providing faster and more efficient connectivity.

During the year, the Group also seized further opportunities to generate synergy through collaborations with the members of the CKHH Group and other strategic partners. This was evident in the encouraging growth in 5G customer base, including 5G Broadband, and the Group is confident that this upward trend will continue in 2023.

As international travel gradually returns to normal, roaming service revenue is expected to further recover in the year ahead. Meanwhile, improvement in business and consumer sentiment should stimulate pent-up demand and drive spending, creating a better operating environment for the Group. The Group targets to grow revenue through offering the best connectivity services to its customers, leveraging unique platforms to provide a seamless customer experience across all channels – mobile applications, online and retail to support the development and demand for emerging business opportunities in the future.

The Board is optimistic about a healthy growth outlook as 5G capital expenditure investment has peaked and operating cost for network expansion has stabilised; the Group is well positioned to deliver a solid financial performance and a strong cash flow in 2023. The Group is also committed to contributing to a sustainable and digitally-connected future, one which will help deliver long-term value for all stakeholders.

The Group will continue to deliver the same level of dividend as 2020 at HK$361 million until the recurring profit attributable to shareholders exceeds HK$361 million, which by then the dividend payout will change to the equivalent of 100% of annual profit attributable to shareholders. Thus, the Group will make decision on the surplus cash at the time of 2023 interim results announcement, after taking into account its cash position and any potential investment opportunities, at which special dividend could be considered.

I would like to extend my thanks to the Board for their continued support and all staff members for their commitment, hard work, professionalism, and their invaluable contributions to the Group during this year.

FOK Kin Ning, Canning
Chairman

Hong Kong, 28 February 2023

OPERATIONS REVIEW

The Group continues to embrace new advances in technologies to enhance network performance and to cultivate a digitally-connected lifestyle.

Operations Review

Over the years the Group has been devoted to building secure, fast, and reliable 3G, 4G and 5G networks to create a digitally-connected future for all. The Group is continuing to embrace new advances in technologies and invest in building its network and operations, in order to enhance customer experience and capture new opportunities in ever-changing times.

Hong Kong

Robust 5G Network

Since 2019, the Group has launched a vast network expansion project in Hong Kong. In 2022, the number of its 5G base stations has increased by more than 50% compared to the third quarter of 2020. In May 2022, **3** Hong Kong extended its 5G coverage to include the East Rail Line Cross-Harbour Extension of the MTR for seamless 5G connectivity at station concourses, on platforms and in tunnels. During the year, the Group activated its 700 MHz spectrum band on its commercial 5G network, an optimal frequency band for deep indoor penetration and wide coverage in rural areas. The 5G network of **3** Hong Kong was further expanded to cover the Tseung Kwan O – Lam Tin Tunnel and Cross Bay Link. The Group also launched the Honey Bee network initiative. This aims at expanding and deploying the field staff to screen the network coverage and quality of the Group's 5G network, from urban high-traffic commercial locations to rural areas. This initiative demonstrates the Group's ongoing commitment to engaging in the review of and improvement to its network performance and quality.

The Group has also embarked on a digital transformation journey, modernising its network infrastructure and network operations. For example, it has completed an extensive project to optimise its switching centre operations, which included replacing its legacy equipment and adopting more energy-efficient technologies. During the year, the Group completed an upgrade of its network operations centre. This next-generation facility, equipped with a leading-edge artificial intelligence ("AI") system with AI compression, network automation and machine learning, is now maintained digitally for highly efficient and effective network performance management.

• 5G Broadband service, coupled with smart double spectrum technology, offers huge flexibility for home and business applications.

5G Broadband Services

5G Broadband service is an efficient and scalable alternative to fixed-line services, delivering ultra-fast connectivity and ultra-strong penetration. When deployed on the Group's robust network, this plug & play 5G Broadband service, coupled with smart double spectrum technology, offers huge flexibility for home and business applications. Targeted deployments in line with the Group's network expansion and enhancement projects have generated encouraging growth in the number of 5G Broadband subscribers since launch.

• The Group's upgraded network operations centre is a next-generation facility, equipped with leading-edge technologies to monitor network performance efficiently and effectively.

• The Group activates its 700 MHz spectrum band on its commercial 5G network, deepening indoor penetration and extending coverage in rural areas.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Strategic Partnership to Cultivate a Digitally-connected Customer Experience

The Group has continued to leverage its close ties with other members of the CKHH Group to reshape and diversify its services, creating an integrated experience that aligns with customer expectations of a digitally-connected lifestyle. In 2020, the Group collaborated with other members of the CKHH Group to formulate a shop-in-shop strategy, which expanded the distribution channels for its prepaid cards at PARKnSHOP and Watsons stores to over 400 online and offline outlets. "3HK@FORTRESS" provides a one-stop shopping experience for customers of **3** Hong Kong, as well as FORTRESS customers transitioning to a smart home with 5G Broadband or seeking to enrich their digital lifestyle.

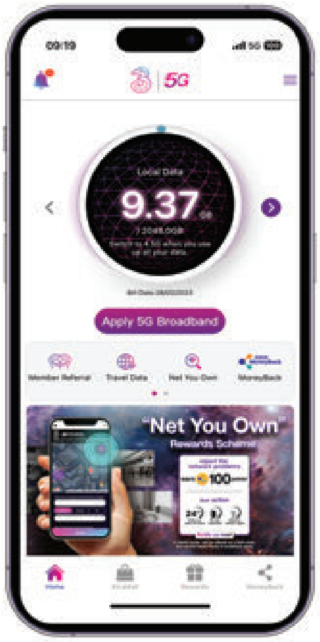
The success of the shop-in-shop approach not only created synergetic value for the CKHH Group, but also reshaped customer experience. In 2022, the Group further enhanced this strategy and launched 3|DigiLive, a shop-in-shop retail outlet in 11 PARKnSHOP supermarkets. 3|DigiLive offers diversified telecommunications solutions while introducing, to a wider audience, the potential of embracing a digitally-connected lifestyle by integrating digital offerings into everyday life.

• 3|DigiLive offers diversified telecommunications solutions and integrates digital offerings into everyday life.

Apart from expanding its offline presence, in April 2022 the Group announced a collaboration with MoneyBack, the loyalty programme of A.S. Watson Group, that extended its offerings to include a vast array of awards and benefits redeemable at PARKnSHOP, Watsons, FORTRESS and **3** Hong Kong stores. The Group also launched a number of campaigns to cultivate a digitally-connected ecosystem and to increase customer loyalty, including the popular "Happy Share of 20 Million MoneyBack Points Game".

Digital Transformation to Improve All-round User Experience

The launch of the new customer contact centre improved the capacity for the evolving and diversifying channels for customer services. The new customisable functionalities of the My3 and the **SoSIM** mobile applications have made good progress in creating a fully digitised customer experience. Services such as account management, porting in mobile numbers, making purchases on 3Mall and subscribing to insurance services on 3Care are all now available at customers' fingertips. In addition to conventional customer services via hotline, email and iChat, potential customers can now connect to **3** Hong Kong's digital service ambassador at 3toTalk to enjoy online-to-offline services that include sales enquiries and live product demonstrations.



• The My3 app digitises customer experience.

During 2022, **3** Hong Kong ran a special offer for a 3Care BowtieGo Dietian Consultation Plan, bringing customers comprehensive nutritional information from dietitians regarding a balanced diet and a healthy lifestyle.

Corporate Solutions

A high speed and low latency 5G network enables applications such as 5G 4K live streaming, virtual reality and real-time data transfer. **3** Hong Kong provided tailored integrated solutions covering website's architecture, cloud server design and video processing, enhancing and reinforcing 5G network infrastructure for smooth operations.

The Group furthered its efforts to expand the possibilities of 5G technology in 2022 with **3** Hong Kong's implementation of a 5G smart car park solution. This AI-based automatic licence plate recognition technology with high-definition video capture gives car-users a seamless drive-through experience. Data are sent through **3** Hong Kong's high speed, low-latency 5G network and stored at a centralised server that manages multiple carpark operations. The 5G smart car park solution enhances customer experience by minimising waiting time for a parking space, as well as reducing cabling costs for operators, especially for point-to-point optical fibre carparks.

The **3** Hong Kong enterprise solutions team has also been extending its contribution to robotics development, by deploying smart robots in schools with students with special educational needs. In these schools, robots are linked with low energy trackers, worn by students, to monitor student safety and provide real-time alerts. If an incident occurs, the robot can track the student's location and provide real-time video surveillance streaming so that school staff can remotely monitor the student. The smart robots can also take over daily manual work such as patrols around campus and deliver educational materials for teachers, enhancing the learning environment.

• The 5G smart car park solution provides a touchless parking experience.

Meanwhile, the robotic solutions within PARKnSHOP supermarkets have been extended, with disinfection robots now being deployed at 10 flagship stores. The robots are connected to the 5G network to ensure smooth operation, without interference to the points of sale network connection or data security. For the supermarkets, the robots serve as promotional ambassadors, not only providing disinfection across the stores, but also performing other functions such as guiding customers and handling simple queries.

Another successful use case of the year provided by the 3Education team was the integration of 5G Broadband service and the virtual reality platform to create a smart campus solution to inspire students.

Macau

3 Macau is committed to the continuous enhancement of its network performance and customer experience. **SoSIM** prepaid SIM card was introduced to the Macau market in 2021 and proved a huge success. **3** Macau further extended its points of sale to 24 Watsons and PARKnSHOP stores throughout Macau.

Meanwhile, the simple user interface of its 3Mall online application makes for a quick and easy shopping experience, offering special and monthly promotions and easy access to the 3Fans membership and the 3Care programme.

Management Discussion and Analysis

Financial Performance Summary

	2022 HK$ million	2021 HK$ million	Change
Revenue	4,882	5,385	-9%
Net customer service revenue	3,278	3,241	+1%
• Local service revenue	2,981	2,980	-
• Roaming service revenue	297	261	+14%
Hardware and other product revenue	1,604	2,144	-25%
Net customer service margin	2,827	2,817	-
Net customer service margin %	*86%*	*87%*	*-1% point*
Standalone hardware and other product sales margin	33	62	-47%
Total margin	2,860	2,879	-1%
– CACs	(518)	(529)	+2%
– Less: Bundled sales revenue	376	395	-5%
CACs (net of hardware and other product revenue)	(142)	(134)	-6%
Operating expenses	(1,356)	(1,325)	-2%
Operating expenses as a % of net customer service margin	*48%*	*47%*	*-1% point*
Share of EBITDA of a joint venture	58	57	+2%
EBITDA [(1)]	1,420	1,477	-4%
Service EBITDA [(1)]	1,387	1,415	-2%
Service EBITDA [(1)] margin %	*42%*	*44%*	*-2% points*
CAPEX (excluding telecommunications licences)	(496)	(874)	+43%
EBITDA [(1)] less CAPEX	924	603	+53%
Depreciation and amortisation [(3)]	(1,501)	(1,345)	-12%
(LBIT)/EBIT [(2)]	(81)	132	-161%
Service (LBIT)/EBIT [(2)]	(114)	70	-263%
Net interest and other finance costs [(3)]	(22)	(40)	+45%
(Loss)/profit before taxation	(103)	92	-212%
Taxation [(3)]	(55)	(88)	+38%
(Loss)/profit attributable to shareholders	(158)	4	-4050%

Notes:

(1) EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of a joint venture. EBITDA is defined as earnings before net interest and other finance costs, taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

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(3) Depreciation and amortisation, net interest and other finance costs and taxation include the Group's share of joint venture's respective items.

Review of Financial Results

Service revenue increased by HK$37 million or 1% to HK$3,278 million (2021: HK$3,241 million) during 2022 mainly due to a 14% rebound in roaming service revenue as containment measures and travel restrictions eased gradually. Local service revenue remained resilient and was largely in line with last year. With the market condition and pressure from competition stabilising in the second half of 2022, local service revenue reported an encouraging 10% improvement against the first half and a 6% growth against the same period last year.

Hardware and other product revenue decreased by HK$540 million or 25% to HK$1,604 million, mainly due to supply chain constraints.

As a result, total revenue of the Group decreased by HK$503 million or 9% to HK$4,882 million for 2022 (2021: HK$5,385 million).

Operating expenses increased by HK$31 million or 2% to HK$1,356 million (2021: HK$1,325 million). The increase was mainly attributable to higher network operating costs for the expansion and enhancement of 5G network coverage.

EBITDA decreased by HK$57 million or 4% to HK$1,420 million (2021: HK$1,477 million), mainly due to the aforementioned lower hardware and other product revenue and higher network operating costs.

Depreciation and amortisation increased by HK$156 million or 12% to HK$1,501 million (2021: HK$1,345 million). This increase mainly reflected the full year impact of amortisation for the spectrum licence which was renewed at a higher spectrum utilisation fee in 2021, higher amortisation as the 700 MHz spectrum band was activated during the year, as well as higher depreciation for the Group's investments in network infrastructure and related-technologies.

LBIT of HK$81 million (2021: EBIT of HK$132 million) shifted downward by HK$213 million or 161% compared with last year, mainly due to the factors that impacted EBITDA as well as higher depreciation and amortisation as mentioned above, which in total accounted for HK$199 million of the downward movement in LBIT.

Loss attributable to shareholders and loss per share reported at HK$158 million (2021: profit of HK$4 million) and 3.28 HK cents (2021: earnings of 0.08 HK cents) respectively. The decrease was mainly due to the aforementioned factors affecting EBITDA and LBIT.

Key Performance Indicators

	2022	2021	Change
Number of postpaid customers ('000)	1,470	1,442	+2%
Number of prepaid customers ('000)	1,808	1,760	+3%
Total customers ('000)	3,278	3,202	+2%
Postpaid customers to total customer base (%)	45%	45%	-
Postpaid customers' contribution to net customer service revenue (%)	90%	90%	-
Monthly churn rate of postpaid customers (%)	0.8%	1.2%	+0.4% point
Postpaid gross ARPU (HK$)	185	192	-4%
Postpaid net ARPU (HK$)	168	171	-2%
Postpaid net AMPU (HK$)	145	148	-2%

As of 31 December 2022, the Group's total number of customers in Hong Kong and Macau was approximately 3.3 million, a slight increase compared approximately 3.2 million last year. This increase was largely due to growth in prepaid customers and 5G postpaid subscriptions.

Postpaid customer monthly churn rate improved significantly from 1.2% last year to a low 0.8% level due to the Group's network improvement as well as its continuous delivery of effective customer retention strategies, boosting customer engagement and loyalty.

Postpaid net ARPU decreased by 2% to HK$168 compared with last year, mainly driven by the pressure from competition and unfavourable economic conditions during the first half of 2022. However, with recovery continuing to pick up, the Group rendered an encouraging improvement in postpaid net ARPU in the second half of 2022 compared with the first half.

Net Interest and Other Finance Costs

Net interest and other finance costs (with share of a joint venture) were HK$22 million in 2022 (2021: HK$40 million). The reduction was primarily due to higher bank interest income as the deposit interest rate grew from an average of 0.31% in 2021 to an average of 1.43% in 2022, partly offset by higher interest accretion from spectrum utilisation fee.

The Group maintained a robust financial position with cash and bank balances of HK$3,700 million as of 31 December 2022 (31 December 2021: HK$3,975 million). The movement in cash and bank balances was mainly due to the settlement of the 2021 final dividend and the 2022 interim dividend.

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 15% (2021: 27%) of the service revenue of the Group, decreased by 43% to HK$496 million. This significant decrease reflected that the capital expenditure on 5G network infrastructure development has peaked. Nevertheless, the Group will continue to vigorously examine the capital expenditure of its projects with care and discretion to ensure that resources are adequately utilised to fulfil operational and technological demands to meet or exceed customers' expectations.

Summary of Spectrum Investment as of 31 December 2022

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

Notes:

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

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

Group Capital Resources and Liquidity

Treasury Management

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

Cash management and funding

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

Foreign currency exposure

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

Credit exposure

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

Capital and Net Cash

As at 31 December 2022, the Group recorded share capital of HK$1,205 million and total equity of HK$10,269 million.

As at 31 December 2022, the net cash of the Group was HK$3,700 million (2021: HK$3,975 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies. The reduction in net cash balances was mainly due to the settlement of the 2021 final dividend and the 2022 interim dividend.

Charges on Group Assets

As at 31 December 2022, same as prior year, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

Borrowing Facilities Available

The Group has no committed borrowing facilities as at 31 December 2022 (2021: Nil).

Contingent Liabilities

As at 31 December 2022, the Group provided performance, financial and other guarantees of HK$1,139 million (2021: HK$1,117 million), including the related performance bonds on new and renewed spectrums.

Commitments

As at 31 December 2022, the Group had total capital commitments on property, plant and equipment of HK$119 million (2021: HK$269 million) and telecommunications licences of HK$114 million (2021: HK$252 million). The decrease in capital commitments on telecommunications licences was due to investment in the 700 MHz spectrum band.

Risk Factors

The business, financial condition and results of operations of the Group are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in its financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be so in the future.

Market Economy

The Group operates in Hong Kong and Macau; hence, the general state of local markets or economies may have a material adverse effect on its business, the financial condition and results of operations of the Group. Any significant decrease in the level of economic growth in the regional or a specific economy could adversely affect the financial condition or results of operations of the Group.

Industry Trends and Interest Rates

The results of the Group are affected by the trends, consumer preferences and spending preferences in the telecommunications markets in which it operates. Industry trends and volatility in interest rates have adversely affected the Group's results historically. In particular, income from the finance and treasury operations of the Group is dependent on interest rates and market conditions. Consequentially, there can be no assurance that these risks or changes in these conditions will not materially and adversely affect the financial condition and results of operations of the Group.

COVID-19 Pandemic

In January 2020, the World Health Organisation declared the COVID-19 outbreak a "Public Health Emergency of Internal Concern" and on 11 March 2020 it was declared a pandemic. The COVID-19 disease has caused widespread disruptions to the social and economic activities, affecting the global supply chain, economic activities and business operations. Recently, an increasing number of countries began to relax the restrictions imposed and the global economy gradually shows signs of recovery. However, there can be no assurance that these restrictions will not be imposed again. These measures have had and may continue to have an adverse effect in the short to medium term on the Group's operations.

The Group continues to closely monitor the evolving developments. The impact of the pandemic on the Group's business will depend on a range of factors which it is unable to accurately predict, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity, the possibility of resurgence and variants of COVID-19, and the nature and severity of measures adopted by the governments. If the COVID-19 pandemic persists or is not effectively controlled or the measures taken to prevent its spread are not effectively implemented, the Group's business could be impacted in a number of ways, including:

- the deterioration of socio-economic conditions leading to disruptions to the Group's operations;
- reductions or volatility in consumer demand for the Group's services due to quarantine or illness, or other travel restrictions, or economic hardship, which may affect the Group's revenue;
- an adverse impact on the Group's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

These impacts have threatened and could continue to threaten the Group's facilities and transport of products, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the well-being of the Group's employees, and have and could continue to have a material adverse effect on the results of operations, cash flows and financial condition of the Group.

As of the date of this Annual Report, there is uncertainty relating to the severity of the long-term adverse impact of the pandemic on the economy, and the Group is unable to accurately predict the long-term impact on its business. To the extent that the pandemic adversely affects the operations of the Group, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

The aforementioned risks may also be applicable to the outbreak of any highly contagious diseases.

Highly Competitive Markets

Telecommunications industry is very competitive. In the highly competitive market, the Group faces significant competition in markets in which it operates. Introduction of new services, aggressive tariff plans, customer acquisition strategies adopted by existing market players or new market entrants as well as shifting consumer behaviours to online could increase pricing pressure and uncertainties, and may impact the Group's customer acquisition and retention costs, customer growth rate, retention prospects as well as market share. These factors may reduce the service revenue as well as increase the costs of the Group, which could adversely affect the financial performance and growth prospects of the Group.

Rapid Technological Changes

The Group faces increased competition from technological advancement of the telecommunications industry. Disruptive alternate telecommunications technologies being developed, or to be developed by existing competitors or new market entrants could intensify competition. Development and application of new technology involves time, substantial costs and risks. In the event if the Group fails to develop, or obtain timely access to new technology and equipment, it may lead to risks for its business and market position, and hence impairment of obsoleted assets. These factors could adversely affect the financial condition and results of operations of the Group.

Network Performance

Certain elements of the Group's networks, such as switching and data platforms, are critical functions for broad sectors of network operations. Damage or major incidents caused by natural disasters, deliberate attacks or technology failure to these critical elements may cause one or more sectors of the network to be non-functional, which could lead to major disruption of the mobile telecommunications services of the Group. There can be no assurance that service disruption will not materially and adversely affect the business and results of operations of the Group.

Strategic Partners

The Group conducts some of its businesses through a joint venture, in which it shares control (in whole or in part); and strategic alliances are formed with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of the strategic or business partners will wish to continue their relationships, strategic alliances, and accompany obligations to pursue stated strategies with the Group, or vice versa. Furthermore, other investors in the joint venture may undergo a change of control or experience financial difficulties, which may negatively impact the financial condition and results of operations of the Group.

Future Growth

The Group has made substantial investments in acquiring telecommunications licences and developing and upgrading its mobile networks and growing its customer base in Hong Kong and Macau. The Group may need to incur further capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to build and retain its customer base. There can be no assurance that any additional investments will bring higher operating margins, and consequently, additional investments may materially and adversely impact the financial condition and results of operations of the Group.

Impact of Law and Regulatory Requirements

The Group is exposed to local business risks, which could have a material adverse effect on its financial condition and results of operations. The Group is also exposed to changing government policies, political, social, legal and regulatory requirements, which may include:

- changes in taxation regulations and interpretations;
- competition laws applicable to the telecommunications industry;
- changes in the process of, or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary for operations;
- telecommunications regulations; and
- environmental, safety, employee and consumer protection laws, rules and regulations.

There can be no assurance that the local regulatory authorities in which the Group operates will not make decisions or interpret and implement regulations in a manner that may materially and adversely affect the financial condition and results of operations of the Group in the future.

The Group is permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in which it operates. These licences have historically been issued for fixed terms and subsequently renewed. There can be no assurance, however, that any application for the renewal of one or more of these licences will be successful and granted on equivalent or satisfactory terms.

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future and will likely face competition for any such licences. Regulatory requirements and carrier obligations accompanying these licences may affect the Group's operations including that of maintaining network quality and coverage. Failure to comply with these requirements could result in damage awards, fines, penalties, suspension or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties, or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process of or the conditions or criteria to, obtaining or maintaining the licences necessary for the operations of the Group, could result in the Group facing unforeseeable competition or could materially and adversely affect the financial condition and results of operations of the Group.

Labour Force

Employees play an important role to build a thriving business for the Group. A decrease in the labour participation rate, net outflow of residents, or natural decrease in the local markets could cause labour shortage, which may induce recruitment difficulties and impact the progression towards recovery in a post-pandemic market. There can be no assurance that the uncertainty of talent supply in Hong Kong will not materially and adversely affect the financial condition and results of operations of the Group.

Accounting

The International Accounting Standards Board, which issued the IFRS, has issued and may issue more new and revised standards, amendments, and interpretations in the future, that may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new IFRS will not have a significant impact on the financial condition and results of operations of the Group.

Impact of Regulatory Reviews

The Group is listed on the Stock Exchange and is subject to regulatory reviews of various filings by the Stock Exchange's regulatory bodies or other regulatory authorities. The Group endeavours to comply with all regulatory requirements of the Stock Exchange, and obtain independent professional advice when appropriate. There can be no assurance that any regulatory reviews will not result in disagreement with the interpretation and judgement of the Group and that any subsequently actions mandated by the regulatory authorities will not have a material adverse effect on the financial condition and results of operations of the Group.

Natural Disasters

Some of the assets and projects, and many of the customers and suppliers of the Group are located in areas at risk of damage from floods, typhoons or other major natural disasters. The occurrence of any of such damage could materially disrupt the operations of the Group and adversely affect the financial condition and results of operations of the Group.

Although the Group has not experienced any significant structural damage to its facilities, there can be no assurance that such natural disasters will not occur and result in severe damage to the facilities of the Group in the future, which could materially and adversely affect the financial condition and results of operations of the Group.

Climate Change

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create a number of negative effects to the environment including loss of sea ice, rise in sea levels, and more frequent and severe weather events.

Changes in climate could disrupt supply chains, interrupt business operations, and cause financial and physical damage. Alternation in weather patterns and extreme weather events such as with typhoons and rainfall may cause damage to the assets and business of the Group, and may pose increased risk for the stakeholders of the Group such as employees, customers and suppliers living and working in the impacted areas. Governments are seeking to transition to low carbon economies, and are introducing legislation to restrict emissions and incentivise environmental protective measures.

Although the Group has not experienced any significant disruptions or damage arising from climate change, there can be no assurance that potential changes in weather patterns in the future will not cause major disruptions or damage to the assets and business of the Group. This in turn, could have a material adverse effect on the financial condition and results of operations of the Group.

Impact of Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations, from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, as well as its business partners, suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group operates, it may need to cease operations and suffer losses in that regard. If any business partners or suppliers of the Group is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operations, in a timely manner or at competitive terms. There can also be no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the financial condition and results of operations of the Group.

Cyber Security Risks

Cyber attacks could have an adverse effect on the business, operations and reputation of the Group. They can be executed through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means with the aim of obtaining unauthorised access to or disrupting the operation of network, systems and data base of the Group or its suppliers, vendors and other service providers. Such attacks may cause equipment failures, loss or leakage of data that includes personal data of customers or employees as well as technical and trade information, which may result in disruption of the operations of the Group and its customers. Cyber attacks targeting corporations have increased in frequency, scale and severity in recent years. The perpetrators behind the attacks are not restricted to particular groups or people. These attacks may be committed by company employees or external parties operating in any geography that include jurisdictions where law enforcement measures to address such threats are absent or ineffective. Furthermore, these attacks may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with such attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain customers and business partners, increased expenditures on cyber security measures and the use of alternative resources. The Group may also suffer a loss of revenue owing to business disruptions and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage that the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party and regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, erode customer and investor confidence, and have a material adverse effect on the financial condition and results of operations of the Group.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws. As regulatory focus on privacy issues continues to broaden, and laws and regulations concerning the handling of personal information expand and are becoming more complex, potential risks relating to data collection and use within the Group's business are expected to intensify. The Group may be subject to regulatory action or civil claims in the event if it is unable to fulfil its obligations under applicable data protection laws. The cost of regulatory or legal action, and any monetary or reputational damage suffered as a result of such action, could have a material adverse effect on the financial condition and results of operations of the Group.

Past Performance and Forward-Looking Statements

The performance and results of operations of the Group contained within this Annual Report are historical in nature, and past performances does not guarantee future results of the Group. Any forward-looking statements and opinions contained within this Annual Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, its Directors, employees or agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained within this Annual Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Information on Directors

Biographical Details of Directors

FOK Kin Ning, Canning

Chairman and Non-executive Director

Fok Kin Ning, Canning, aged 71, has been Chairman and a Non-executive Director of the Company since March 2009. He has also been a Remuneration Committee member since April 2009, and was Chairman of the Remuneration Committee from April 2009 to December 2011 and a Nomination Committee member from January 2019 to 28 February 2022. Mr Fok is executive director and group co-managing director of CKHH. He has been a director of Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") and HWL since 1985 and 1984 respectively. Both companies were formerly listed on the Stock Exchange and have become wholly owned subsidiaries of CKHH in 2015. He is also the chairman of HTAL, HPHM as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets Holdings Limited ("Power Assets"), TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, deputy chairman of CKI, a director of Cenovus Energy Inc. and deputy president commissioner of PT Indosat Tbk ("PT Indosat"). In addition, Mr Fok is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by certain substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Mr Fok has oversight as director of CKHH. Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of the Chartered Accountants Australia and New Zealand.

LUI Dennis Pok Man

Co-Deputy Chairman and Non-executive Director

Lui Dennis Pok Man, aged 71, has been Deputy Chairman and a Non-executive Director of the Company since March 2009 and was re-designated as Co-Deputy Chairman and a Non-executive Director in August 2018. Mr Lui is a director of Hutchison Telecommunications Group Holdings Limited and heads the operations of the Hutchison Asia Telecommunications group comprising its telecommunications business in Indonesia, Vietnam and Sri Lanka. He also assists to oversee telecommunications operations in Europe and generally assists in other telecommunications operations and related investments within the CKHH Group. Mr Lui first joined Hutchison Paging Limited in 1986 and became its managing director in 1993. He was managing director of HTHK (a wholly owned subsidiary of the Company), in charge of the mobile telecommunications, fixed-line, multi-media, Internet and paging businesses in Mainland China, Hong Kong, Macau and Taiwan from 1996 to 2000. From 2001, he oversaw a number of the telecommunications operations and new business development of the HWL Group in particular as an executive director and chief executive officer of HTIL from 2004 to 2010. He is also a director of certain companies controlled by certain substantial shareholders (within the meaning of the SFO) of the Company. Mr Lui holds a Bachelor of Science degree.

WOO Chiu Man, Cliff
Co-Deputy Chairman and Non-executive Director

Woo Chiu Man, Cliff, aged 69, has been Executive Director and Chief Executive Officer of the Company since January 2017 and was re-designated as Co-Deputy Chairman and a Non-executive Director in August 2018. He is also a director of HTAL and a commissioner of PT Indosat. Mr Woo held various senior technology management positions in the telecommunications industry before joining the HWL Group in 1998. He was deputy managing director of HTHK from 2000 to 2004, and also executive director of HTIL from March 2005 to December 2005. Mr Woo was seconded to Vodafone Hutchison Australia Pty Limited (now known as TPG Telecom Limited) as chief technology officer from 2012 to 2013 and was part of the core management team. Further, Mr Woo is also a director of certain companies controlled by certain substantial shareholders (within the meaning of the SFO) of the Company. He possesses extensive operations experience in the telecommunications industry and has been involved in cellular technology for over 32 years. Mr Woo holds a Bachelor's degree in Electronics and a Diploma in Management for Executive Development. He is a Chartered Engineer and also a member of the Institution of Engineering and Technology (UK) and the Hong Kong Institution of Engineers.

KOO Sing Fai
Executive Director and Chief Executive Officer

Koo Sing Fai, aged 50, has been Executive Director and Chief Executive Officer of the Company since August 2018, and a Sustainability Committee member since July 2020. Mr Koo joined the HWL Group in August 2006 and became a director of enterprise and international business of mobile operations of the Company in January 2014. Since then he has led the corporate market and international services, business and development aspects of the mobile business of the Company until January 2015. He re-joined the Company in April 2017 as a director for roaming and services development and became the Chief Commercial Officer in January 2018. Mr Koo possesses a Bachelor of Science degree in Computer Science and has more than 27 years of experience in the telecommunications industry.

LAI Kai Ming, Dominic
Non-executive Director

Lai Kai Ming, Dominic, aged 69, has been a Non-executive Director of the Company since March 2009. He has also been Alternate Director to Mr Fok Kin Ning, Canning, Chairman and a Non-executive Director and Ms Edith Shih, a Non-executive Director and Company Secretary, since January 2017. Mr Lai is executive director and deputy managing director of CKHH. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of CKHH, from 1994 to 1997 and Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000. Since 2000, he has been a director of HWL which was formerly listed on the Stock Exchange and has become a wholly owned subsidiary of CKHH in 2015. He is also a director of HTAL, a commissioner of PT Duta Intidaya Tbk ("PTDI"), and an alternate director to directors of HTAL and TOM Group Limited ("TOM"). In addition, Mr Lai is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by certain substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Mr Lai has oversight as director of CKHH. Mr Lai has over 35 years of management experience in different industries and holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Edith SHIH

Non-executive Director and Company Secretary

Edith Shih, aged 71, has been a Non-executive Director of the Company since January 2017 and Company Secretary since November 2007. She has been Chairman of the Sustainability Committee since July 2020 and a member of the Nomination Committee since 28 February 2022. Ms Shih is also executive director and company secretary of CKHH. She has been with the Cheung Kong (Holdings) group since 1989 and with HWL since 1991. Both Cheung Kong (Holdings) and HWL were formerly listed on the Stock Exchange and have become wholly owned subsidiaries of CKHH in 2015. She has acted in various capacities within the HWL Group, including head group general counsel and company secretary of HWL as well as director and company secretary of HWL subsidiaries and associated companies. Ms Shih is in addition a non-executive director of HUTCHMED (China) Limited and HPHM as the trustee-manager of HPH Trust as well as a commissioner of PTDI. In addition, Ms Shih is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by certain substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Ms Shih has oversight as director of CKHH. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is a past International President and current member of the Council of The Chartered Governance Institute ("CGI") as well as a past President and current Honorary Adviser of The Hong Kong Chartered Governance Institute ("HKCGI") and current chairperson of its Nomination Committee. Further, she is also Chairman of the Process Review Panel for the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) and a member of the Securities and Futures Appeals Tribunal and of the Executive Committee and Council of The Hong Kong Management Association. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both CGI and HKCGI, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree and a Master of Arts degree from the University of the Philippines as well as a Master of Arts degree and a Master of Education degree from Columbia University, New York.

CHOW Ching Yee, Cynthia

Independent Non-executive Director

Chow Ching Yee, Cynthia, aged 59, has been appointed as Independent Non-executive Director of the Company since 28 December 2022. She is the founder and director of Discovery Mind Educational Organisation and Discovery Mind China (collectively the "Discovery Mind Group"). Ms Chow has over 25 years of experience in the operation of schools in Hong Kong and is responsible for the brand expansion and future development of the Discovery Mind Group. Before starting her educational career, Ms Chow was an Assistant Vice President, Private Banking, Citibank, Hong Kong from 1994 to 1996. She holds a Bachelor of Arts degree in Economics from Occidental College, the United States of America, and a Master's degree in Business Administration from Whittier College, the United States of America.

IP Yuk Keung

Independent Non-executive Director

Ip Yuk Keung, aged 70, has been an Independent Non-executive Director of the Company, Chairman of the Audit Committee, a Remuneration Committee member and a Nomination Committee member since December 2019. Mr Ip is an international banking and finance professional with over 31 years of experience in the United States, Asia and Hong Kong. He was formerly Managing Director of Citigroup and Managing Director of Investments of Merrill Lynch (Asia Pacific). Mr Ip is an independent non-executive director of Eagle Asset Management (CP) Limited as the manager of Champion Real Estate Investment Trust, Power Assets, New World Development Company Limited and Lifestyle International Holdings Limited (which had withdrawn its listing on 20 December 2022). He was previously an independent non-executive director of TOM. Mr Ip is an Adjunct Professor of and an advisor to various universities in Hong Kong, United States and Macau. He is a member of the Court of City University of Hong Kong ("CityU") and The Hong Kong University of Science and Technology ("HKUST"), an Honorary Fellow of CityU and Vocational Training Council, Senior Advisor to the President, Chairman of Career Development Advisory Council and Special Advisor to the Dean of the School of Business and Management of HKUST, and a Beta Gamma Sigma Honoree at CityU and HKUST. He was previously a Council Member of HKUST. Mr Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science, a Master of Science degree in Applied Mathematics and a Master of Science degree in Accounting and Finance.

LAN Hong Tsung, David

Independent Non-executive Director

Lan Hong Tsung, David, aged 82, has been an Independent Non-executive Director of the Company since April 2009. He has been a Remuneration Committee member since April 2009 and was appointed as its Chairman since January 2012. He is also an Audit Committee member since April 2009. Dr Lan has also been an Independent Non-executive Director of CKI, a listed company, Cinda Financial Holdings Co., Limited and ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust ("Prosperity REIT"), a real estate investment trust listed on the Stock Exchange. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust ("Fortune REIT"), a real estate investment trust listed on the Stock Exchange. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorships at Nanyang Commercial Bank Limited and International Probono Legal Services Association Limited. Dr Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant in September 2020. Dr Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the Hong Kong Special Administrative Region Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1 July 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China. Dr Lan is a Chartered Secretary and a Fellow Member of CGI and HKCGI. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

WONG Yick Ming, Rosanna

Independent Non-executive Director

Wong Yick Ming, Rosanna, aged 70, has been an Independent Non-executive Director of the Company since April 2009. She has been an Audit Committee member since April 2009 and a Sustainability Committee member since July 2020. She has been a Nomination Committee member since January 2019 and was appointed as its Chairman since December 2020. She is an independent non-executive director of CKHH, a substantial shareholder (within the meaning of the SFO) of the Company. She was a director of Cheung Kong (Holdings) for the period from 2001 to 2015. Cheung Kong (Holdings) was formerly listed on the Stock Exchange and has become a wholly owned subsidiary of CKHH in 2015. Dr Wong is currently an independent non-executive director of The Hongkong and Shanghai Hotels, Limited, a senior advisor of The Hong Kong Federation of Youth Groups ("HKFYG"), a honorary steward of The Hong Kong Jockey Club, a governor of Our Hong Kong Foundation and chairman of Asia International School Limited. In addition, she is a member of the 13th session of the National Committee of the CPPCC of the People's Republic of China. She was previously the executive director of HKFYG, the non-executive chairman of the Advisory Committee of The Hongkong Bank Foundation, an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited, chairman and member of the Consultation Panel of the West Kowloon Cultural District Authority and a member of HKUST Business School Advisory Council. Dr Wong holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), the United States of America and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, the University of Hong Kong ("HKU"), The Hong Kong Institute of Education (now known as The Education University of Hong Kong) and the University of Toronto, Canada. She is also an Honorary Fellow of the London School of Economics and Political Science.

MA Lai Chee, Gerald

Alternate Director

Ma Lai Chee, Gerald, aged 55, has been Alternate Director to Mr Lai Kai Ming, Dominic, a Non-executive Director of the Company since June 2009. He is an executive committee member and general manager of corporate business development department of CK Asset Holdings Limited. Mr Ma joined the CK Group in 1996. He is also a non-executive director and member of the Designated Committee of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT, and also a non-executive director and member of the Designated (Finance) Committee of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT. Mr Ma is also a director of certain subsidiaries of CKHH, a substantial shareholder (within the meaning of the SFO) of the Company. He has over 33 years of management experience in different industries. Mr Ma holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors, as notified to the Company, subsequent to the date of the 2022 Interim Report are set out below:

Directors	Details of changes
Ip Yuk Keung	Appointed as: - member of the Court of HKUST on 19 September 2022 - Senior Advisor to the President of HKUST on 10 November 2022 Ceased to be Chairman of the Board of Governors of the World Green Organisation on 31 December 2022
Wong Yick Ming, Rosanna	Bestowed as an Honorary Steward of The Hong Kong Jockey Club on 15 August 2022

In respect of the updated emoluments of the Directors, please refer to note 7(a) to the consolidated financial statements on pages 150 to 151.

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

As at 31 December 2022, 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 Model Code for Securities Transactions by Directors adopted by the Company (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 (Note)	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.

(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 31 December 2022, 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 HTAL 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 31 December 2022, 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 31 December 2022, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKHH.

Ms Edith Shih had, as at 31 December 2022, 192,187 ordinary shares, representing approximately 0.0050% 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.

Mr Ip Yuk Keung had, as at 31 December 2022, other interest in the following interests held jointly with another person:

(i) 100,000 ordinary shares, representing approximately 0.0026% of the issued voting shares, in CKHH; and

(ii) 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 31 December 2022, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKHH.

Save as disclosed above, as at 31 December 2022, 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) as 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.

Directors' Interests in Competing Business

During the year ended 31 December 2022, the following Directors had interests in certain businesses (apart from the businesses of the Company or its subsidiaries) which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year and are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

- Mr Fok Kin Ning, Canning was an executive director of CKHH and a director of certain subsidiaries and a director or a commissioner of associated companies of CKHH which are engaged in telecommunications business.

- Mr Lai Kai Ming, Dominic and Ms Edith Shih were executive directors of CKHH and directors and/or alternate directors of certain of its subsidiaries which are engaged in telecommunications business.

- Mr Lui Dennis Pok Man was a director and/or alternate director of certain subsidiaries of CKHH which are engaged in telecommunications business.

- Mr Woo Chiu Man, Cliff was a director of certain subsidiaries and a commissioner of an associated company of CKHH which are engaged in telecommunications business.

On 17 April 2009, the Company entered into a non-competition agreement with HWL (the then holding company of the Company) (the "HWL Non-Competition Agreement") and a non-competition agreement with HTIL, whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of (i) the HWL Group (excluding HTIL and its subsidiaries (the "HTIL Group") and the Group); (ii) the HTIL Group; and (iii) the Group within their respective territories for the purpose of implementing the non-competition restrictions. The exclusive territories of the Group comprised Hong Kong and Macau. The exclusive territories of the HWL Group (which in substance included those of the HTIL Group following the privatisation of HTIL in 2010) comprised all the remaining countries of the world.

HWL transferred its rights and obligations under the HWL Non-Competition Agreement to CKHH by novation on 28 December 2015, as a result of the completion of the reorganisation of the HWL Group on 3 June 2015 whereupon CKHH became the ultimate holding company of HWL and the Company.

Information on Senior Management

TSANG Pui Shan
Chief Financial Officer

TSANG Pui Shan, aged 46, has been Chief Financial Officer of the Group since November 2022. She joined the HWL Group in November 2007. Ms Tsang is a qualified accountant with fellowship of the Association of Chartered Certified Accountants. She also holds a Bachelor of Arts degree in Accounting and Marketing. Ms Tsang has more than 24 years of experience in accounting and finance for corporate and audit sectors.

LEONG Bing Yow
Chief Technology Officer

LEONG Bing Yow, aged 39, has been Chief Technology Officer of the Group since January 2023. He joined the Group in January 2022. Mr Leong is responsible for network engineering, operations and IT development. He holds a Bachelor of Engineering degree and has more than 16 years of experience in telecommunications.

HO Wai Ming
Chief Executive Officer – Macau

HO Wai Ming, aged 69, has been Chief Executive Officer – Macau of the Group since April 2008. He joined the Group in March 1994. Mr Ho is responsible for the mobile business in Macau. He holds a Bachelor of Science degree in Electrical Engineering and has more than 41 years of experience in telecommunications.

NG May Yuk, Frances
Director of Corporate & Marketing Communications

NG May Yuk, Frances, aged 62, has been Director of Corporate & Marketing Communications of the Group since August 2020. She joined the Group in July 2009. Ms Ng is responsible for all corporate and marketing communications affairs. Prior to joining the Group, Ms Ng has extensive experience in major corporations in Hong Kong in the areas of publicity, promotion and public affairs projects. She holds a Master's degree in Business Administration and has more than 38 years of experience in public relations.

Christopher John SANDERSON
Director of Legal Services & Regulatory

Christopher John SANDERSON, aged 58, has been Director of Legal Services & Regulatory of the Group since September 2012. He joined the HWL Group in December 2001. Mr Sanderson is responsible for legal and regulatory affairs. He holds a Bachelor of Laws degree and has more than 35 years of experience in legal affairs working in New Zealand, Hong Kong, the United Kingdom and India.

Directors' Report

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2022.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on page 179.

Business Review

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the performance of the Group during the year including analysis using financial key performance indicators, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2022, as well as an indication of likely future development in the business of the Group, are provided in the following sections:

- "Financial Highlights" on page 3.
- "Chairman's Statement", "Operations Review", "Management Discussion and Analysis" and "Group Capital Resources and Liquidity" on pages 10 to 23.
- "Risk Factors" on pages 24 to 28.
- "Financial Risk Management" in note 3 to the consolidated financial statements on pages 140 to 147.
- "Corporate Governance Report" on pages 47 to 75.

Discussions on the environmental policies and performance of the Group, its compliance with the relevant laws and regulations that have a significant impact on the Group as well as an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, are provided in the "Corporate Governance Report" on pages 47 to 75.

All such discussions form part of this report.

Group Loss

The consolidated income statement is set out on page 122 and shows the loss of the Group for the year ended 31 December 2022.

Dividend

An interim dividend of 2.28 HK cents per share for the first half of 2022 was paid to shareholders in early September 2022.

The Directors also recommended the declaration of a final dividend of 5.21 HK cents per share, to be payable on Monday, 29 May 2023 to those persons registered as shareholders of the Company at close of business on Wednesday, 17 May 2023, being the record date for determining shareholders' entitlement to the proposed final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in notes 30 and 37(e) to the consolidated financial statements respectively.

Charitable Donations

Charitable donations benefitting community projects by the Group during the year amounted to approximately HK$3.8 million (2021: HK$1.8 million).

Directors

As at the date of this report, the Board comprises 10 Directors:

Chairman and Non-executive Director

Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and Non-executive Directors

Mr LUI Dennis Pok Man
Mr WOO Chiu Man, Cliff

Executive Director

Mr KOO Sing Fai *(Chief Executive Officer)*

Non-executive Directors

Mr LAI Kai Ming, Dominic *(also Alternate to Mr FOK Kin Ning, Canning and Ms Edith SHIH)*
Ms Edith SHIH
Mr MA Lai Chee, Gerald *(Alternate to Mr LAI Kai Ming, Dominic)*

Independent Non-executive Directors

Ms CHOW Ching Yee, Cynthia
Mr IP Yuk Keung
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna

On 28 December 2022, Ms Chow Ching Yee, Cynthia was appointed as Independent Non-executive Director.

In accordance with Article 83(3) of the Articles of Association, Ms Chow Ching Yee, Cynthia will hold office until the forthcoming annual general meeting (the "2023 AGM") and, being eligible, offer herself for re-election at the 2023 AGM.

In accordance with Article 84 of the Articles of Association, Mr Woo Chiu Man, Cliff, Mr Lai Kai Ming, Dominic and Mr Ip Yuk Keung will retire by rotation at the 2023 AGM and, being eligible, offer themselves for re-election.

Details regarding the re-election are set out in the circular to shareholders together with this Annual Report.

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors as independent. Please also refer to page 68 of the Corporate Governance Report for the assessment by the Nomination Committee in this regard.

The Directors' biographical details are set out in the "Information on Directors" section of this Annual Report.

Directors' Service Contracts

None of the Directors who offer themselves for re-election at the 2023 AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted Indemnity Provisions

The Articles of Association provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors liability insurance is in place for the directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors. The relevant provisions in the Articles of Association and the directors' liability insurance were in force during the financial year ended 31 December 2022 and as of the date of this report.

Arrangement to Purchase Shares or Debentures

At no time during the year was the Company or its subsidiary a party to any arrangements which to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate.

Directors' Material Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or a subsidiary, fellow subsidiary or parent company of the Company was a party and in which a person who at any time in 2022 was a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of 2022 or at any time during 2022.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during 2022.

Continuing Connected Transactions

On 28 December 2020, the Company and CKHH entered into (i) a master HTHKH telecommunications supplies agreement, whereby the Company agreed to provide, or to procure its subsidiaries to provide, the Group Telecommunications Supplies (as defined below) to the CKHH Group; (ii) a master CKHH telecommunications supplies agreement, whereby CKHH agreed to provide, or to procure other members of the CKHH Group to provide, the CKHH Telecommunications Supplies (as defined below) to members of the Group; and (iii) a master purchase agreement, whereby CKHH agreed to provide, or to procure other members of the CKHH Group to provide, the Business Related Supplies (as defined below) to members of the Group (collectively, the "Master Agreements"), as and when reasonably requested by relevant members of the Group or of the CKHH Group (as the case may be) for the period from 1 January 2021 to 31 December 2023:

(a) "CKHH Group" means CKHH and its subsidiaries from time to time (excluding members of the Group) and such other entities in which CKHH is from time to time directly or indirectly interested so as to (i) exercise or control the exercise of 30% or more of the voting power at general meetings of such entities; or (ii) control the composition of a majority of the board of directors of such entities, and the subsidiaries of such other entities;

(b) "Group Telecommunications Supplies" means telecommunications products and services of the Group, including mobile telecommunications products (including mobile handsets and accessories); mobile telecommunications services (including international direct dialing and roaming services, mobile Wi-Fi and other value-added services); marketing, advertising and promotional services; and such other telecommunications products and services of the Group as may be agreed between the Company and CKHH from time to time;

(c) "CKHH Telecommunications Supplies" means telecommunications goods and services of the CKHH Group, including roaming services; and such other telecommunications goods and services of the CKHH Group as may be agreed between the Company and CKHH from time to time, which exclude the Business Related Supplies; and

(d) "Business Related Supplies" means goods and services for use in connection with the businesses of the Group, including billing collection services; dealership services at retail outlets in Hong Kong for sale of handsets and/or telecommunications services; IT related services, including IT platforms development services, software solutions and applications development services and other professional services; cash coupons and marketing, advertising and promotional services; equipment installation and maintenance services; non-telecommunications products; and such other goods and services for use in connection with the businesses of the Group as may be agreed between the Company and CKHH from time to time, which exclude the CKHH Telecommunications Supplies.

Each of CKHH and the other members of the CKHH Group is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of CKHH. Accordingly, the transactions contemplated under the Master Agreements constituted continuing connected transactions (the "Continuing Connected Transactions") for the Company under Chapter 14A of the Listing Rules, in respect of which an announcement dated 28 December 2020 (the "Announcement") was issued by the Company.

As set out in the Announcement, the annual caps for the two years ended 31 December 2021 and 2022, and for the year ending 31 December 2023 in respect of (i) the provision of the Group Telecommunications Supplies to the CKHH Group are HK$42 million, HK$54 million and HK$64 million respectively; (ii) the purchase of the CKHH Telecommunications Supplies by the Group are HK$61 million, HK$100 million and HK$135 million respectively; and (iii) the purchase of the Business Related Supplies by the Group are HK$233 million, HK$274 million and HK$274 million respectively.

The corresponding aggregate transaction amounts for the year and the annual caps of the Continuing Connected Transactions in respect of the year ended 31 December 2022 as stated in the Announcement are set out below:

	Aggregate transaction amount (HK$ million)	**2022 annual cap (HK$ million)**
Provision of the Group Telecommunications Supplies by the Group to the CKHH Group	24	54
Purchase of the CKHH Telecommunications Supplies by the Group from the CKHH Group	10	100
Purchase of the Business Related Supplies by the Group from the CKHH Group	72	274

The internal audit of the Group has reviewed the Continuing Connected Transactions under the Master Agreements for the year ended 31 December 2022 and the adequacy and effectiveness of the internal control procedures covering the price negotiation, review and approval, agreement management, reporting and consolidation processes of these transactions, and is of the view that satisfactory controls were in place in respect of the areas reviewed. All the Independent Non-executive Directors of the Company, having reviewed the Continuing Connected Transactions entered into by the Group under the Master Agreements during the year ended 31 December 2022 and the findings provided by the internal audit of the Group, confirmed that such transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

The Company has engaged its external auditor to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the external auditor of the Company has confirmed in its letter to the Board that nothing has come to its attention that causes it to believe that the Continuing Connected Transactions entered into by the Group under the Master Agreements during the year ended 31 December 2022 (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions which involved the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the terms of the respective agreements governing such transactions; and (iv) have exceeded the relevant annual caps in respect of the year ended 31 December 2022 as disclosed in the Announcement.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2022 is contained in note 36 to the consolidated financial statements. All transactions entered into with the CKHH Group (as defined and described in note 36 to the consolidated financial statements) fell under the definition of "continuing connected transactions" under the Listing Rules and are fully exempt from all disclosure requirements, annual review and shareholders' approval under Chapter 14A of the Listing Rules, other than the transactions with the CKHH Group contemplated under the Master Agreements, which are subject to the reporting, announcement and annual review requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2022.

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 31 December 2022, other than the interests and short positions of the Directors and chief executive of the Company as disclosed in the section titled "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", 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 [(1)])		
	Beneficial owner	3,161,292,951 [(2)])	3,184,982,840	66.09%
Gensis Lake Limited ("GLL")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
Dynamic Zamia Limited ("DZL")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
CK Hutchison Group Telecom Holdings Limited ("CKHGT")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
Barusley Limited ("BL")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
Askern Peak Limited ("APL")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
CK Hutchison Global Investments Limited (CKHGI")	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%
CKHH	Interest of controlled corporations	3,184,982,840 [(1)(2)]	3,184,982,840	66.09%

(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	398,826 (3)	)		
	Interest of controlled corporations	403,733,953 (4)(5)	)	404,132,779	8.38%
Li Tzar Kuoi, Victor	Discretionary beneficiary of discretionary trusts	398,826 (3)	)		
	Interest of controlled corporations	353,047,203 (4)(6)	)		
	Interest of child	192,000 (7)	)	353,638,029	7.33%
Li Ka Shing Foundation Limited ("LKSF")	Beneficial owner	350,527,953 (4)		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) The 398,826 shares of the Company comprise:

(a) 245,546 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 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 DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity 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 Unity Holdco. TUT1 is only 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 Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 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 245,546 shares of the Company held by TUT1 as trustee of UT1 under the SFO as substantial shareholders of the Company.

(b) 153,280 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). 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 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.

The entire issued share capital of TUT3, TDT3 and TDT4 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 only 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.

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, 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.

(5) 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.

(6) 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.

(7) 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 31 December 2022, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as 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 share options under the scheme. The Group has no other share option scheme.

Bank Loans and Other Borrowings

The Group did not have any borrowing (including debentures) as at 31 December 2022.

Equity-linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company or were subsisted at the end of the year or at any time during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Share Capital

Details of the shares movement during the year are set out in note 29 to the consolidated financial statements on page 168.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Major Customers and Suppliers

During the year, the percentage of revenue attributable to the five largest customers of the Group combined was less than 30% of the total revenue of the Group.

During the year, the percentages of purchases attributable to the major suppliers of the Group were as follows:

	Percentage of total purchases of the Group
The largest supplier	57%
Five largest suppliers combined	75%

As at 31 December 2022, none of the Directors, their close associates or any shareholders (which to the knowledge of Directors own more than 5% of the issued share capital of the Company) had any interest in the major suppliers of the Group.

Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The financial statements for the year ended 31 December 2022 have been audited by PwC who will retire and, being eligible, offer themselves for re-appointment at the 2023 annual general meeting.

By Order of the Board

Edith SHIH
Non-executive Director and Company Secretary

Hong Kong, 28 February 2023

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance best suited the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Company has complied throughout the year ended 31 December 2022 with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

The Board

Corporate purpose, values and culture

The Group's purpose is to deliver essential services that society needs, underpinned by the business values of innovation, collaboration, integrity and sustainability across all levels of the Group.

As a leading telecommunications operator committed to development, innovation and technology, the Group lives up to its purpose by building a culture that is forward looking and agile to achieve competitiveness. It also respects and promotes creativity, opportunities to exchange ideas, and adopting to innovative advancements and solutions to deliver long-term sustainable growth and value. Guided by the Group's core value, the Board sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned around the same purpose. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Ethics and group policies), as well as staff safety, well-being and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Corporate strategy

The principle objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the financial strength and stability of the Group. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. The Chairman's Statement, Management Discussion and Analysis and the Operations Review contained in this Annual Report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value in the longer term and delivers the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the Group's sustainability report contained in this Annual Report.

Role of the Board

The Board is accountable to shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long-term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board, led by the Chairman (Non-executive), Mr Fok Kin Ning, Canning, fosters and oversees the culture, determines and monitors group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board composition

The Board currently comprises 10 Directors, including the Chairman (Non-executive), two Co-Deputy Chairmen (Non-executive), an Executive Director and Chief Executive Officer, two Non-executive Directors and four Independent Non-executive Directors. Throughout 2022, the number of Independent Non-executive Directors on the Board meets the one-third requirement under the Listing Rules. Information regarding the Board composition during 2022 are set out in the section of "Directors' Report" on pages 38 to 46.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 29 to 33 and on the website of the Company. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and HKEx (www.hkexnews.hk).

Chairman, Co-Deputy Chairmen and Chief Executive Officer

The roles of the Chairman and the Co-Deputy Chairmen are separate from that of the Chief Executive Officer. Such division of responsibilities reinforces the independence and accountability of these Directors.

The Chairman, assisted by the Co-Deputy Chairmen, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of the Executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the affairs of the Board so as to contribute to the effective functioning of the Board. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with shareholders and other stakeholders, as outlined later in this report.

The Chief Executive Officer is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of group policies and assuming full accountability to the Board for all group operations. Acting as the principal manager of the businesses of the Group, the Chief Executive Officer attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for overseeing and delivering operational performance of the Group.

Working with the Chief Financial Officer and the executive management team of the Company, the Chief Executive Officer presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the Group. With the assistance of the Chief Financial Officer, the Chief Executive Officer ensures that the funding requirements of the businesses are met and monitors the operating and financial performance of the businesses against plans and budgets. He maintains an ongoing dialogue with all Directors to keep them fully informed of all major business development and issues. In addition, he is also responsible for building and maintaining an effective executive management team to support him in his role.

Board process

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance and business activities of the Group. Throughout the year, in addition to Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. Further, Directors have full access to information on the Group and advice and services of the Company Secretary and the legal department. They also have full access to independent professional advice at all times whenever deemed necessary and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and a draft agenda for review and comment about three weeks prior thereto. The full set of Board papers is normally supplied no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association and the Listing Rules, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he/she or any of his/her close associates is materially interested, and such Director is not counted for quorum determination purposes.

The Company held four Board meetings in 2022 with 100% attendance. All Directors also attended the annual general meeting of the Company held on 11 May 2022. The attendance record is set out below:

Directors	Board meetings attended/ Eligible to attend	Attendance at 2022 AGM
Chairman and Non-executive Director		
Fok Kin Ning, Canning	4/4	√
Co-Deputy Chairmen and Non-executive Directors		
Lui Dennis Pok Man	4/4	√
Woo Chiu Man, Cliff	4/4	√
Executive Director		
Koo Sing Fai *(Chief Executive Officer)*	4/4	√
Non-executive Directors		
Lai Kai Ming, Dominic	4/4	√
Edith Shih	4/4	√
Independent Non-executive Directors		
Chow Ching Yee, Cynthia*	N/A	N/A
Ip Yuk Keung	4/4	√
Lan Hong Tsung, David	4/4	√
Wong Yick Ming, Rosanna	4/4	√

* Appointed on 28 December 2022

In addition to Board meetings, in 2022 the Chairman held monthly meetings with the Executive Director and senior management team and also met with Independent Non-executive Directors twice without the presence of other Directors. Such meetings provide an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and Management.

All Non-executive Directors (other than Ms Chow Ching Yee, Cynthia) entered into service contracts for an initial term ending on 31 December of the year of their appointments. Thereafter, the appointment is automatically renewed for successive 12-month periods. While Ms Chow Ching Yee, Cynthia's appointment does not have a specific term, her appointment is subject to the same rotation requirement as the other Directors. All Directors are subject to re-election by shareholders at the general meetings at least once every three years on a rotation basis. Re-election of retiring Directors at general meetings is presented in separate resolutions.

Further, no Director has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Board performance

The Company regards board evaluation is a critical tool to assess Board effectiveness and efficiency. A performance evaluation on the Board and its committees was conducted for the year 2022. The evaluation involves each Director completing a questionnaire to provide individual ratings as well as comments covering a range of topics. The findings of the evaluation were then analysed and circulated to the Board. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The evaluation parameters included, amongst others, the composition, diversity and leadership of the Board as well as board process. Based on the performance review, the Board considers its existing practice as effective and will arrange where appropriate more workshops and training for Directors. The Board is also satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

Board independence

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness. In February 2023, the Board conducted a review of the mechanisms and considered that such mechanisms were properly implemented during 2022 and effective.

The current composition of the Board (more than one third Independent Non-Executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) exceed the independence requirements under the Listing Rules. The Nomination Committee and Remuneration Committee are both chaired by an Independent Non-executive Director. The Company has a vigorous selection, nomination and appointment/re-appointment process for Directors (including Independent Non-executive Directors), see "Nomination Process" on pages 65 to 68 of this report. Fees to Independent Non-executive Directors are in the form of cash payment with additional fees payable to reflect membership or chairmanship of Board committees. None of these Directors receives remuneration based on performance of the Group. Information about remuneration of the Directors is set out on pages 69 to 71 of this report. The remuneration of Independent Non-executive Directors are also subject to a regular review mechanism to maintain competitiveness and commensurate with their responsibilities and workload.

To facilitate attendance and participation at the Board and other Board committee meetings, the Company plans meeting schedules for the year well in advance with remote facilities for attendance. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. A guide for obtaining independent and legal or other professional advice is provided to Directors. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all Independent Non-executive Directors, see "Board Process" on pages 49 to 50 of this report. Each year, the Chairman meets with the Independent Non-executive Directors twice without the presence of other Directors, enabling them to express their views outside the boardroom.

The Independent Non-executive Directors have historically and consistently demonstrated strong commitment, and the ability to devote sufficient time to discharge their responsibilities at the Board. Their commitment is subject to self-confirmation and their performance is subject to evaluation by the Board on an annual basis. In the performance evaluation conducted for the year 2022, the Board has confirmed the contributions of the Independent Non-executive Directors to the Board.

Training and commitment

Upon appointment to the Board, Directors receive a package of comprehensive orientation materials on the Group comprising information on the Group, duties as a director and board committee member, as well as internal governance and sustainability policies of the Group. These orientation materials are presented to the Directors by senior executives in the form of a detailed induction to the businesses, strategic direction and governance practice of the Group.

The Company arranges and provides Continuous Professional Development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help them keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 32 hours had been provided to Directors during the year.

The Directors are required to provide the Company with details of CPD training undertaken by them from time to time. The training records are maintained by the Company Secretary and are made available for regular review by the Audit Committee. Based on the details so provided, the CPD training undertaken by the Directors in 2022 is summarised as follows, representing an average of approximately 10 hours undertaken by each Director during the year.

	Areas			
Directors	**Legal and Regulatory**	**Corporate Governance/ Sustainability Practices**	**Financial Reporting/ Risk Management**	**Group's Business/ Directors' Duties**
Chairman and Non-executive Director				
Fok Kin Ning, Canning	√	√	√	√
Co-Deputy Chairmen and Non-executive Directors				
Lui Dennis Pok Man	√	√	√	√
Woo Chiu Man, Cliff	√	√	√	√
Executive Director				
Koo Sing Fai *(Chief Executive Officer)*	√	√	√	√
Non-executive Directors				
Lai Kai Ming, Dominic	√	√	√	√
Edith Shih	√	√	√	√
Ma Lai Chee, Gerald (Alternate to Lai Kai Ming, Dominic)	√	√	√	√
Independent Non-executive Directors				
Chow Ching Yee, Cynthia*	N/A	N/A	N/A	N/A
Ip Yuk Keung	√	√	√	√
Lan Hong Tsung, David	√	√	√	√
Wong Yick Ming, Rosanna	√	√	√	√

* Appointed on 28 December 2022

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public companies and major appointments as well as update the Company on any subsequent changes.

Securities transactions

The Board has adopted its own Model Code for Securities Transactions by Directors (the "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 summary, a Director who wishes to deal in the securities of the Company must notify the Chairman (or a Director designated by the Board for such specific purpose) in writing prior to any dealings and obtain a dated written acknowledgement before any dealing. Any clearance to deal granted in response to a Director's request would be valid for no longer than five business days of clearance being received. After dealings, the Director must submit a disclosure of interests filing with respect to the dealing, within the time frame required under Part XV of the SFO.

In response to specific enquiries made, all Directors have confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the year ended 31 December 2022.

Board Committees

The Board is supported by four permanent Board Committees: Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, details of which are described later in this report. The terms of reference for these Committees, which have been adopted by the Board, are available on the websites of the Company and HKEx. Other Board Committees are established by the Board as and when warranted to take charge of specific tasks.

Company Secretary

The Company Secretary is accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board or Board Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

The Company Secretary who works closely with the Board to formulate the purpose, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both mounting regulatory and investor expectations, and to ensure the culture and the purpose, values and strategy of the Group are aligned.

The Company Secretary plays a leading role in helping the Company develop and maintain a sound and effective corporate governance framework, in particular, a set of risk management and internal control system to ensure that regulatory compliance, good corporate governance practices and culture are upheld by the Company.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory, corporate governance and sustainability developments of relevance to the Group and that it takes these developments into consideration when making decisions for the Group. From time to time, the Company Secretary organises seminars on specific topics of importance and interest and disseminates reference materials to Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information and Directors' obligation for disclosure of interests and dealings in securities of the Company, to ensure that the standards and disclosures requirements under the Listing Rules and applicable laws, rules and regulations are complied with and, where required, reported in the annual reports of the Company.

The Company Secretary also serves as a crucial conduit of communications internally and externally. She facilitates information flow and communication among Directors and also conveys the Board's decisions to Management from time to time and ensures a good channel of communication with shareholders. She also works with the Board and Management to assist in responding to regulators in a timely manner.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to her advice and service. The Company Secretary has day-to-day knowledge of the affairs of the Group. She confirms that she has complied with all the required qualifications, experience and training requirements under the Listing Rules.

Accountability and Audit

Financial reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year end.

The responsibility of Directors in relation to the financial statements is set out below. This should be read in conjunction with but distinguished from, the Independent Auditor's Report on pages 117 to 121 which acknowledges the reporting responsibility of the auditor of the Group.

Annual report and financial statements

The Directors acknowledge their responsibility for the preparation of this Annual Report and financial statements of the Company. The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of Laws of Hong Kong) (the "Companies Ordinance") and the Listing Rules. Directors should incorporate such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accounting policies

The Directors consider that in preparing the financial statements, the Group has adopted appropriate accounting policies and made judgements and estimates that are reasonable in accordance with the applicable accounting standards.

Accounting records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position and reflect the transactions of the Group, upon which financial statements of the Group could be prepared in accordance with the accounting policies of the Group.

Safeguarding assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, risk management and internal control of the Company. The composition of the Audit Committee complied with the independence requirements under the Listing Rules. It is chaired by Mr Ip with Dr Lan and Dr Wong as members.

The Audit Committee held four meetings in 2022 with 100% attendance.

Members	**Attended/Eligible to attend**
Ip Yuk Keung *(Chairman)*	4/4
Lan Hong Tsung, David	4/4
Wong Yick Ming, Rosanna	4/4

The internal and external auditor attended all Audit Committee meetings. In addition, the Audit Committee held private sessions with them separately without the presence of Management.

The Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Group's financial reporting, risk management and internal control systems (including cyber risks) and to take on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is responsible for monitoring the integrity of the Group's interim and annual results and financial statements, and reviewing the significant financial reporting judgements contained therein as well as overseeing the relationship between the Company and its external auditor. The Audit Committee is also required to develop and review the Company's policies and practices on corporate governance including compliance with statutory and Listing Rules requirements; and review the scope, extent and effectiveness of the activities of the Group's internal audit function. In addition, it is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Throughout 2022, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The following paragraphs set out a summary of the work performed by the Audit Committee during 2022 and 2023 (up to the date of this report).

During 2022 and 2023 (up to the date of this report), the Audit Committee met with the Chief Financial Officer, other senior management, and the Group's internal auditor and external auditor, PwC, to review the interim and final results, the interim and annual reports, consolidated financial statements, and other financial, corporate governance, risk management, internal control and cyber risks of the Group. It received, considered and discussed the reports and presentations of Management, the Group's internal auditor and PwC, to ensure that the consolidated financial statements of the Group were prepared in accordance with the accounting standards issued by the International Accounting Standards Board and comply with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Based on these reviews and discussions, the Audit Committee was satisfied that the Group's interim and annual results, interim and annual reports, and interim and annual consolidated financial statements for 2021 and 2022 have been prepared in accordance with the aforementioned requirements and recommended that these be approved by the Board.

The Audit Committee met four times during 2022 and one time during 2023 (up to the date of this report) with PwC to consider the reports on the scope, strategy, progress and outcome of its independent review of the 2022 interim consolidated financial statements and audit of the 2021 and 2022 annual consolidated financial statements. It reviewed the composition of the audit engagement teams and PwC's strategy and approach for the annual audit, including the materiality, risk assessment and scope of the audit, and PwC's reporting obligations before the audit commenced. The Audit Committee is satisfied with PwC's competence, expertise, resources, as well as the effectiveness of the audit process.

There were no breaches of the policy on hiring employees or former employees of the external auditor during the reported period. The Audit Committee reviewed the audit fees and the fees for non-audit services payable to PwC. The non-audit services were carried out in accordance with PwC's independence policy to ensure that they do not create a conflict of interest and they comply with the Group's policy regarding the engagement of its external auditor for the various services.

During the reported period, the Audit Committee also reviewed the independence and objectivity of the external auditor. It had considered all relationships (including requirements for rotation of audit partners, provision of non-audit services and long-term audit relationship) between the Company and PwC when assessing the independence and objectivity of the external auditor. The Audit Committee considered PwC to be independent and PwC, in accordance with applicable professional ethical standards, provided the Audit Committee written confirmation of its independence and objectivity for 2022.

To assist the Board in assessing the overall governance, risk management and internal control framework and maintaining effective risk management and internal control systems covering all material controls, including financial, operational and compliance controls, in 2022, the Audit Committee reviewed the process by which the Group evaluated its control environment and managed significant risks (including sustainability and cyber risks). It received and considered the risk management report, the composite risk register, the risk heat map and the presentation of the internal auditor, as well as the presentation and confirmation by Management on their review with respect to the effectiveness of the risk management and internal control systems of the Group. Based on these reviews, the Audit Committee concurred with Management confirmation that such systems are effective and adequate. It also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

In addition, the Audit Committee reviewed, in conjunction with the internal auditor of the Group, the 2022 work plan and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal control systems (including cyber risks) of the Group. Further, it also considered the reports from the Company Secretary on the material litigation proceedings and compliance status of the Group on key legal and regulatory requirements. These reviews and reports were taken into consideration by the Audit Committee when it made its recommendation to the Board for approval of the consolidated financial statements. During 2022, the Audit Committee also received periodic presentations on, and reviewed, the compliance status of the Group with respect to the CG Code as well as other corporate governance topics including the Group's policies and practices in compliance with legal and regulatory requirements, and ensured that any deviation from the CG Code was properly explained and disclosed in this report. In May 2022 and February 2023, the Audit Committee reviewed and recommended to the Board updates to its terms of reference and certain corporate governance policies including Whistleblowing Policy, Code of Ethics, Anti-Fraud and Anti-Bribery Policy and Corporate Communications Policy (formerly known as "Media, Public Engagement and Donation Policy"). It has also received update reports on CPD training of the Directors.

The Audit Committee, on behalf of the Board, also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy in February 2023. Having considered the multiple channels of communication and engagement in place (refer to "Relationship with Shareholders and Other Stakeholders" on pages 71 to 73 of this report), it is satisfied that the Shareholders Communication Policy has been properly implemented during 2022 and is effective.

External auditor

The policy of the Group regarding the engagement of its external auditor for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by the external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, such as audits of the pension plans of the Group, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that must be undertaken, or is otherwise best placed, to undertake in its capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group engages the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, amongst others, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial system consultations. The external auditor is also permitted to assist Management and the internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC is shown in note 8 to the consolidated financial statements. For the year ended 31 December 2022, PwC fees, amounting to approximately HK$7.1 million were primarily for audit services and those for non-audit services amounted to approximately HK$1.4 million (including regulatory reporting requirements, tax compliance, risk management diagnostics and assessments, and non-financial system consultations), representing approximately 16% of the total PwC fees (audit and non-audit).

The Audit Committee was satisfied with PwC's competence, expertise, resources, independence and objectivity, as well as the effectiveness of the audit process, and recommended to the Board on the re-appointment of PwC as the external auditor which will be considered by the shareholders at the forthcoming annual general meeting.

Audit Report on the annual financial statements

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by PwC in accordance with International Standards on Auditing issued by the International Accounting Standards Board. The unqualified auditor's report is set out on pages 117 to 121. The consolidated financial statements of the Group for the year ended 31 December 2022 have also been reviewed by the Audit Committee.

Risk Management, Internal Control And Legal & Regulatory Compliance

Board oversight

The Board has overall responsibility for the systems of risk management, internal control and legal and regulatory compliance of the Group.

In meeting its responsibilities, with due regard to the Company's risk appetite, the Board evaluates and determines the nature and extent of the risks (including sustainability and cyber risks) that the Company is willing to accept in pursuit of its strategic and business objectives. In addition, the Board inculcates risk culture across the business operations of the Group and has put in place a comprehensive range of policies and systems, including parameters of delegated authority, which provide a framework for the identification, reporting and management of risks. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include review by the Executive Director, the Chief Financial Officer and the Board of budgets, strategic plans, and detailed operational and financial reports as provided by business unit management as well as review by the Audit Committee of ongoing work of internal audit and risk management functions of the Group.

On behalf of the Board, the Audit Committee also regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfilment on an ongoing basis. To assist the Audit Committee in discharging its responsibilities, a Governance Working Group, chaired by the Non-executive Director and Company Secretary, comprising representatives from key departments of the Company, provides timely updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for group-wide adoption. During the year, the Company reviewed the key potential of risk areas facing the Group in light of the data privacy, antitrust and competition law regimes. Practical trainings, internal control measures, guidelines and policies tailor-made for key business units were introduced to strengthen the compliance programme of the Group in these areas. A Security Committee chaired by the Vice President – Digital Innovations & IT Development, comprising relevant technical specialists from the Information Technology department and the Corporate Security & Fraud Management function, manages cyber security defences of the Group, monitors cyber threat landscape and sets strategic plan. It also ensures that the Group's efforts in managing the cyber risks are effective, coherent and well co-ordinated, and makes recommendations as it deems appropriate to the Audit Committee on any area within its remit.

The Audit Committee is satisfied that the Company has complied throughout the year with all code provisions of the CG Code.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the business objectives of the Group, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

Risk management

Based on the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) model, the Company establishes its Enterprise Risk Management (ERM) framework to support the delivery of the business and strategic objectives of the Group. The framework facilitates a systematic approach in identifying, assessing and managing risks (including sustainability and cyber risks) within the Group, be they of strategic, financial, operational or compliance nature.

The risk management of the Group is a continuous process integrated seamlessly into the day-to-day activities at all levels of the Group. There is ongoing communication between the executive management of the Group and the business units on the emerging and current risks (including sustainability and cyber risks), their plausible impact and mitigation measures to ensure that each business unit has performed its duty to have effective system, so as to institute additional controls and deploy appropriate insurance instruments to minimise or transfer the impact of risks to the business of the Group. Executive management regularly reviews the risk management framework and provides a confirmation to the Board through Audit Committee on the effectiveness of the system. In addition, the Group's Directors and officers are protected against potential personal legal liabilities through the Directors and Officers Liability Insurance.

In terms of formal risk review and reporting, the Company adopts a "top-down and bottom-up" approach, involving input from each major business unit as well as discussions and reviews by the Executive Director and the Board, through the Audit Committee. More specifically, on a half-yearly basis, each major business unit is responsible for formally identifying the significant risks (including sustainability and cyber risks) its business faces, measuring them against a defined set of criteria, and considering likelihood of occurrence and potential impact on the business, whilst the Executive Director provides input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as part of the risk management report, are submitted to the Audit Committee for review on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the report, discusses the risk management and internal control systems, including matters related to cyber risks, with the Chief Financial Officer, and provides input as appropriate so as to ensure effective systems in place.

Pages 24 to 28 of this annual report provide a description of the risk factors of the Group which could affect the financial condition or results of operations of the Group that differ materially from expected or historical results.

Internal control environment

Group structures covering all subsidiaries and a joint venture are maintained and updated on a timely and regular basis. Directors are appointed to the boards of all material operating subsidiaries for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. The executive management team is accountable for the conduct and performance of the business of the Group within the agreed strategies. The Executive Director monitors the performance and reviews the risk profiles of the companies within the Group on an on-going basis.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management team of each business unit and the Executive Director.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management team and the Executive Director as part of the five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, Management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, the Chief Financial Officer and finance managers of the business operations hold monthly meetings to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations. The finance department of the Group oversees the investment and lending activities of the Group and also evaluates and monitors financial and operational risks, and makes recommendations to Management to mitigate those risks. Treasury reports on cash and liquid investments, borrowings and movements thereof are distributed to Management weekly.

The Group has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval by the Chief Financial Officer or Executive Director are required prior to commitment for unbudgeted expenditures as well as material expenditures within the approved budget. Monthly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group also has followed group-wide treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants.

In terms of formal review of the risk management and internal control systems of the Group, a risk management and internal control self-assessment process is in place, that requires the senior management of each business unit to review, evaluate and declare the effectiveness of such systems covering all material controls, including financial, operational and compliance controls over the operations of the business and devise action plans to address the issues, if any. These assessment results, together with the risk management report as mentioned earlier and the independent assessments by the internal and external auditors, form part of the bases on which the Audit Committee formulates its opinion on the effectiveness of risk management and internal control systems of the Group.

Legal and regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The legal department has the responsibility of safeguarding the legal interests of the Group. It monitors the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation and corporate secretarial documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management on legal and commercial issues of concern. In addition, the legal department is responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations, and preparing and submitting response or filings with relevant regulatory and/or government authorities on regulatory issues and consultations. The legal department also prepares and updates internal policies and conducts tailor-made workshops where necessary so as to strengthen the internal controls and compliance procedures of the Group.

The legal department reports to the group legal department of the holding company of the Group on all material legal, regulatory and corporate secretarial matters. It determines and approves in conjunction with the group legal department of the holding company of the Group the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, the legal department organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for Directors, business executives and the legal and corporate secretarial teams.

On the listed company level, the Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Act, the Companies Ordinance, the SFO and/or the laws, rules and regulations of the jurisdictions where the Group companies incorporated. The legal department is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group. The Group is not aware of any incidents of non-compliance with such laws and regulations that may have a significant impact on the Group.

Governance policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. All employees adhere to various Group policies that reflect the core values and corporate culture of the Group. The Code of Ethics is the central tool through which the Company sets the conduct expectations for employees underscoring the strong commitment of the Group to upholding high standard of business integrity, honesty and transparency in all business dealings. The Company has also established anti-corruption and whistleblowing policies and systems, which are conducive to setting a healthy corporate culture and good corporate governance practices. In addition, the Group has adopted and implemented a number of other governance policies to incorporate the core values of the Group into its operations and practices. These policies are reviewed from time to time to ensure their relevance and appropriateness to the business, corporate strategy and stakeholder expectations of the Group.

Key governance policies and guidelines of the Group, which are posted on the website of the Company, include:

Code of Ethics

The Code of Ethics of the Group sets the standards for employees as are reasonably necessary to promote honest and moral conduct, accurate and timely disclosure in the reports and documents that the Group files or submits to regulators, compliance with applicable laws and regulations, prompt internal reporting of any violations and accountability for adherence to the Code of Ethics. Every employee is required to undertake to adhere to the Code of Ethics, which includes provisions dealing with conflict of interest, equal opportunities, diversity and a respectful workplace, health and safety, protection and proper use of company assets, record keeping, bribery and corruption, personal data protection and privacy as well as reporting procedures for illegal and unethical behaviour. Employees are required to report any non-compliance with the Code of Ethics in accordance with the established reporting and escalation procedures.

Whistleblowing Policy

In line with the commitment to achieve and maintain the highest standard of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice within the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

Anti-Fraud and Anti-Bribery Policy

In all its business dealings, the Group does not tolerate any form of fraud or bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Anti-Fraud and Anti-Bribery Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and promptly to seek guidance where necessary. Each business unit is required to report any actual or suspected incident of bribery, theft, fraud or similar offences to the Chief Financial Officer and the internal audit for independent analyses and necessary follow up (refer to page 89 of this Annual Report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to exercising proper controls in hiring third party representatives (such as advisers, agents, consultants, introducers and finders). All Group companies are required to exercise due care and diligence in selecting third party representatives and in monitoring their activities, and should adhere to the Policy on Appointment of Third Party Representatives of the Group in this regard.

Corporate Communications Policy (formerly known as Media, Public Engagement and Donation Policy)

The Group highly values its reputation in the communities where it operates. Employees are required to observe the Corporate Communications Policy to ensure that the market receives timely and accurate information about the Group. The corporate affairs department is designated to assist Management to provide clear, consistent and congruent messages for the Group's businesses through the media in a speedy, professional and well-coordinated manner.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Group. The Shareholders Communication Policy sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information. The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and dissemination of information for stated purpose and on a need to know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of the Company when they are in possession of unpublished inside information, certain members of senior management or staff are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from the designated members of management prior to any dealing in any securities of the Company is allowed). Further, certain staff members of the finance department are subject to a 60-day blackout period prior to the release of the Company's annual results and a 30-day blackout period prior to the release of interim results.

Policy on Personal Data Governance

The Group is also committed to the safeguard and protection of the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Policy on Personal Data Governance and the applicable local policies and procedures.

Information Security Policy

Employees must not disclose any confidential information of the Group, its customers, suppliers, business partners or shareholders, except when disclosure is authorised by the Group in accordance with the Information Security Policy which defines the common policies for information confidentiality, integrity and availability to be applied across the entire Group.

Employees are required to make a self-declaration every year to confirm that he/she has read, understood and will continue to comply with the various group policies.

Board Diversity Policy and Director Nomination Policy

The two Board policies, Board Diversity Policy and Director Nomination Policy set out, the approach to achieving diversity as well as the approach and procedures the Board adopts for the nomination and selection of Directors. Further details of the policies are provided on pages 65 to 68 of this report.

Internal audit

Internal audit, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the business operations of the Group. It has wide authority to access to documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the activities of the Group, internal audit devises its three-year risk-based audit plan for review by the Audit Committee. The audit plan is subject to continuous reassessment taking into account external and internal factors such as macro economic and regulatory changes, business and operational changes, emerging risks and opportunities (including sustainability and cyber-related ones), as well as audit and fraud findings which may affect the risk profile of the Group during the year.

Internal audit is responsible for assessing the risk management and internal control systems of the Group, including reviewing the continuing connected transactions of the Company (refer to pages 40 to 42 of this Annual Report for more details), formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the Executive Director and the executive management team concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, internal audit maintains a regular dialogue with the external auditor so that the parties are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by internal audit includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

Internal audit is also responsible for periodic fraud analyses and independent investigations. In accordance with the Code of Ethics and Anti-Fraud and Anti-Bribery Policy of the Group, each business unit is required to report to the Chief Financial Officer and the internal audit any actual or suspected fraudulent activities within a 24-hour timeframe should the amount involved exceeds the de minimis threshold as agreed between internal audit and the Chief Financial Officer or the Executive Director. In addition, each business unit submits a summary of fraud incidents statistics to the Chief Financial Officer and the internal audit on a quarterly basis. These cases, together with those escalated through the whistleblowing channels, are recorded in the Company's centralised fraud incidents register under the internal audit's custody, and are independently assessed and investigated as appropriate. Internal audit would promptly escalate any incidents of material nature to the Chairman of the Audit Committee for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Audit Committee on a quarterly basis.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to internal audit and, as appropriate, to the Chief Financial Officer. These reports are reviewed and appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2022 covering all material controls, including financial, operational and compliance controls, and concurs with management confirmation that such systems are effective and adequate. In addition, the Board, through the Audit Committee and the Sustainability Committee, has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting, and sustainability performance and reporting functions.

Nomination of Directors

Nomination Committee

During the year 2022 and up to the date of this report, the Nomination Committee chaired by Dr Wong, Independent Non-executive Director with Non-executive Director Ms Shih and Independent Non-executive Director Mr Ip as members, is in full compliance with the code provisions of the CG Code.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules and reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

Nomination process

The nomination process has been, and will continue to be conducted in accordance with the Director Nomination Policy and Board Diversity Policy, which are available on the website of the Company. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

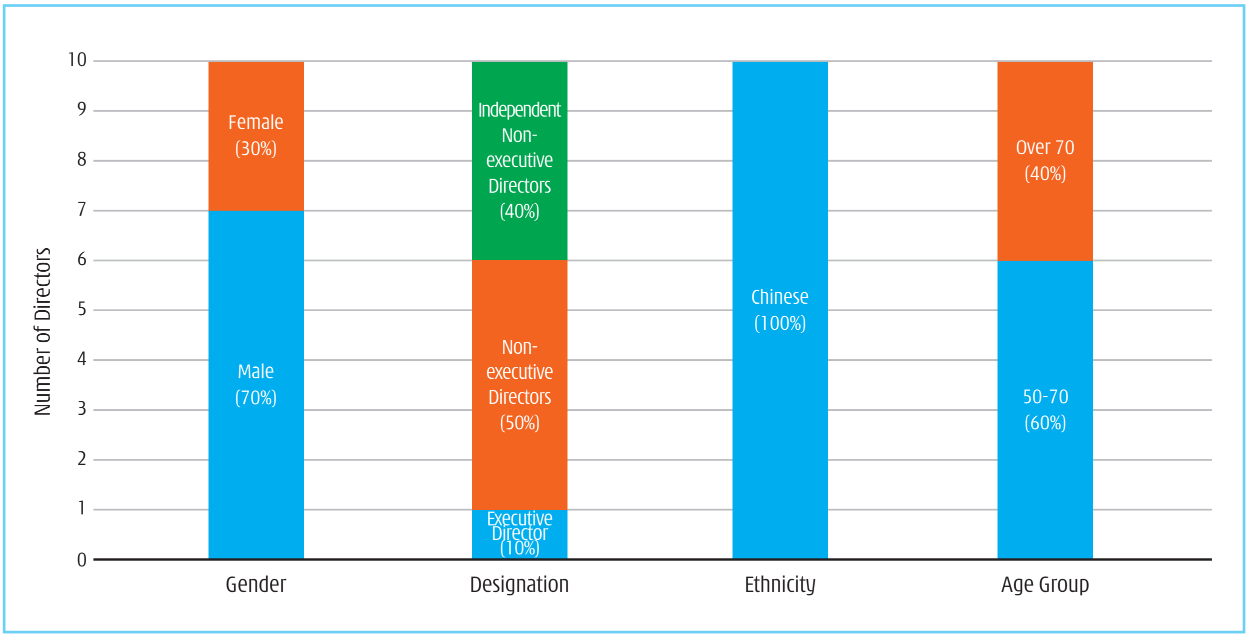
Pursuant to the Director Nomination Policy, the Nomination Committee, in determining the suitability of a candidate, will consider the potential contributions a candidate can bring to the Board including the attributes complementary to the Board, the commitment, motivation and integrity of the candidate, having due consideration of the benefits of a diversified Board.

Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board.

The following Board Skills Matrix shows a breakdown of the diverse skills set of the Directors.

Note: The Board comprises 10 Directors.

The following chart shows the diversity profile of the Board as at 31 December 2022:



Female representative at the Board stands at a relatively high level (increased from 22% in 2021 to 30% in 2022, three out of ten) amongst companies listed on the Stock Exchange. The Company cements its commitment to gender diversity within its business so it continuous to review and assess the appropriate level of gender diversity and composition that aligns with the Company's strategy. The Board is of the view that it is not necessary to set numerical targets and timeline for board gender diversity for the time being. The Company actively seeks to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programmes at various levels with the Group to develop a broader pool of skilled and experienced Board members.

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group with 39% female full-time employees. To support diversity across all facets, beyond gender, including race and ethnicity, disability, LGBTQ+, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, can be found in the Sustainability Report, which sets out on pages 76 to 116.

If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Listing Rules.

Shareholders of the Company may also nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company.

The Nomination Committee held one meeting in 2022 with 100% attendance.

Members	Attended/Eligible to attend
Wong Yick Ming, Rosanna *(Chairman)*	1/1
Fok Kin Ning, Canning (1)	1/1
Edith Shih (2)	N/A
Ip Yuk Keung	1/1

Notes:

(1) Resigned on 28 February 2022

(2) Appointed on 28 February 2022

During 2022, the Nomination Committee reviewed the structure, size and composition of the Board, ensuring that it has sound diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. As part of the ongoing initiatives of the Company to promote and prioritise greater diversity on the Board, the Nomination Committee in December 2022 recommended to the Board the appointment of a new Independent Non-executive Director, Ms Chow Ching Yee, Cynthia. The appointment was subject to a stringent nomination process in accordance with the Director Nomination Policy and Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee also assessed the independence of all Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. In particular, the Nomination Committee considered that all Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board Committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. None of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company. In addition, there are no circumstance which would materially interfere with their exercise of independent judgement.

Dr Lan and Dr Wong, who have served on the Board for more than nine years, continue to bring in fresh perspectives, objective insights and independent judgement to the Board as well as the Board Committees. There is no evidence that their tenure of over nine years has compromised or would compromise their continued independence.

At its meeting in February 2023, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors, deliberated and selected the Directors for retirement and re-election at the 2023 annual general meeting and recommended to the Board for consideration. It also reviewed the Board Diversity Policy and Director Nomination Policy as well as their implementation and effectiveness during 2022. These are determined to be effective.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments.

The Remuneration Committee is chaired by Dr Lan, Independent Non-executive Director, with Chairman, Mr Fok and Independent Non-executive Director, Mr Ip, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The Remuneration Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and where warranted, at additional meetings.

The Remuneration Committee held one meeting in 2022 with 100% attendance.

Members	Attended/Eligible to attend
Lan Hong Tsung, David *(Chairman)*	1/1
Fok Kin Ning, Canning	1/1
Ip Yuk Keung	1/1

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating a broader and more diverse pool of employees of the highest calibre and experience needed to shape and execute the strategy of the Group. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of the Executive Director and senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2023 director's fees for the Executive Director and made recommendation to the Board on the proposed 2023 directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2023 remuneration package of the Executive Director and senior executives of the Group. No Director or any of his/her associates is involved in deciding his/her own remuneration. The Remuneration Committee also reviewed and recommended to the Board updates to its terms of reference with reference to the latest CG Code which took effect on 1 January 2023.

Remuneration policy

The remuneration of Directors and senior executives of the Group is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. The Executive Director and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

2022 remuneration

Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group. The emoluments exclude amounts received from a subsidiary of the Group and paid to the Company, a subsidiary or an intermediate holding company of the Company. Details of emoluments paid to each Director in 2022 are set out below:

Directors	Director's fees HK $million	Basic salaries, allowances and benefits-in -kind [11] HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Fok Kin Ning, Canning [1][2][4][6]	0.09	-	-	-	-	0.09
Lui Dennis Pok Man [1]	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff [1]	0.07	-	-	-	-	0.07
Koo Sing Fai [5][7]	0.09	2.96	1.44	0.22	-	4.71
Lai Kai Ming, Dominic [1][6][7]	0.07	-	-	-	-	0.07
Edith Shih [1][3][5][6]	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia [8][9]	0.00 [12]	-	-	-	-	0.00 [12]
Ip Yuk Keung [2][3][8][10]	0.18	-	-	-	-	0.18
Lan Hong Tsung, David [2][8][10]	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna [3][5][8][10]	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.44	0.22	-	5.64

Notes:

(1) Non-executive Director.

(2) Member of the Remuneration Committee.

(3) Member of the Nomination Committee.

(4) Former member of the Nomination Committee. Resigned on 28 February 2022.

(5) Member of the Sustainability Committee.

(6) Such Directors' fees were paid to a subsidiary of CKHH.

(7) Directors' fees received by these Directors from a subsidiary of the Group during the period they served as directors that have been paid to the Company or an intermediate holding company of the Company are not included in the amounts above.

(8) Independent Non-executive Director.

(9) Appointed on 28 December 2022.

(10) Member of the Audit Committee.

(11) Benefits-in-kind included insurance and transportation.

(12) The amount of Director's fee shown in above is a result of rounding. Director's fee for the year 2022 is HK$767.

The remuneration paid to the members of senior management by bands in 2022 is set out below:

Remuneration bands	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	2
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	1

Relationship with Shareholders and Other Stakeholders

In order to stay attuned to changing expectations of stakeholders, the Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Multiple channels of communication and engagement were available.

Through the Chief Executive Officer, the Chief Financial Officer, the Investor Relations Department and the Corporate Secretarial team, the Group engages with and responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, webcasts, conference calls and presentations. In 2022, meetings were conducted with analysts by means of phone calls, video calls, conference calls, group and one-on-one meetings, with an increasing emphasis on sustainability strategies and priorities.

The Board also provides clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. The Memorandum and Articles of Association of the Company is published on the websites of the Company and HKEx. Moreover, a wide range of information on the Group is available to shareholders and stakeholders through the Investor Relations page on the website of the Company. A dedicated Corporate Governance section is also available on the website of the Company. This report and the corporate governance policies and practices are available and updated on a regular basis. There is also an expanded Sustainability section on the website containing further information on sustainability as well as the sustainability policies.

Annual general meetings and other general meetings of the Company provide one of the primary forums for communication with shareholders and for shareholder participation. Such meetings provide shareholders with the opportunity to share their views and to meet the Board and certain members of senior management. Question and answer sessions at general meetings foster constructive dialogues between shareholders of the Company, Board members and Management.

Shareholders are encouraged to participate at general meetings of the Company physically, through electronic means, or by proxy if they are unable to attend in person. Pursuant to the Articles of Association, any shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company has rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders, by sending the Board or the Company Secretary at the principal place of business of the Company in Hong Kong a written requisition for such general meetings, signed by the shareholders concerned together with the proposed agenda items and such meeting shall be held within two months of the deposit of such requisition.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and HKEx. In addition, regular updated financial, business and other information on the Group are made available to the shareholders and stakeholders on the website of the Company.

The Company held one shareholders' meeting in 2022, being the 2022 annual general meeting (the "AGM") held on 11 May 2022 at Hutchison Telecom Tower, Tsing Yi as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2022 AGM was attended by all Directors and PwC. The respective chairmen of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee all attended the 2022 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2022 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 11 May 2022 are set out below:

Resolutions proposed at the 2022 AGM		Percentage of votes
Ordinary Resolutions		
1	Adoption of the audited financial statements together with the directors' report and the report of the independent auditor for the year ended 31 December 2021	99.86%
2	Declaration of a final dividend	100%
3(a)	Re-election of Mr FOK Kin Ning, Canning as director	93.73%
3(b)	Re-election of Ms Edith SHIH as director	97.91%
3(c)	Re-election of Dr LAN Hong Tsung, David as director	96.39%
4	Re-appointment of PricewaterhouseCoopers as the auditor and authorisation of the directors to fix the auditor's remuneration	99.81%
5	Approval of the remuneration of the directors	99.97%
6	Granting of a general mandate to the directors to issue new shares of the Company	98.17%
7	Granting of a general mandate to the directors to repurchase shares of the Company	99.99%

Accordingly, all resolutions put to shareholders at the 2022 AGM were passed. The results of the voting by poll were published on the websites of the Company and HKEx.

Other corporate information relating to the Company is set out in the "Information for Shareholders" section of this report. This includes, among others, dates for key corporate events for 2022 and public float capitalisation as at 31 December 2022.

The Group values feedback from shareholders and other stakeholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Investor Relations Department or the Company Secretary by mail to 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or by email at ir@hthkh.com. Institutional investors and analysts can contact the Investor Relations Department or the Company Secretary of the Company by mail to 15/F, Hutchison Telecom Tower, 99 Cheung Fai Road, Tsing Yi, Hong Kong or by email at ir@hthkh.com. Stakeholders who wish to provide feedback and suggestions on the sustainability report and sustainability issues can send email to ir@hthkh.com. The Board receives updates from the Company Secretary and the Investor Relations Department from time to time on key issues raised by shareholders and investors. In developing and formulating Group strategy, the Board considers such key issues raised and takes shareholder and stakeholder feedback into account.

Shareholders Communication Policy

The Shareholders Communication Policy, which is available on the website of the Company, sets out the framework in place to promote two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed matter. The Audit Committee is responsible for regular review of the effectiveness and compliance with prevailing regulatory and other requirements of the policy. In November 2021, the Shareholders Communication Policy was updated to elaborate on the multiple avenues available for shareholders to communicate with the Company and vice versa. In February 2023, the Audit Committee reviewed the policy again and considered that the implementation of the policy was effective during 2022 (refer to "Audit Committee" on pages 55 to 57 of this report).

Dividend Policy

The Board adopted a dividend policy for the Company and recognises the benefits of providing shareholders with dividends linked to the underlying earnings performance of the business. The policy is pursued to deliver value to the shareholders while maintaining a sustainable financial position and healthy operating cash flow. Subject to business conditions, market opportunities and maintenance of the Company's strong financial position, the Company has adopted a policy of paying regular dividends with a normal target payout ratio of 75% of recurring profit attributable to shareholders for the year.

Sustainability

Sustainability governance

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its corporate social responsibility and sustainability objectives to the strategic development of its businesses. The collaborative approach of the Group combined with its supreme network and advanced technology enables the delivery of secure, seamless and innovative solutions. This accordingly supports the United Nations Sustainable Development Goals in building a sustainable, inclusive and digitally-enabled societies while engaging in responsible and ethical business actions with all its stakeholders. The Group engages in open and transparent dialogues with a wide range of stakeholders including employees, customers, suppliers and business partners, shareholders and investors, banks and creditors, professional institutions, governments and regulators, local communities and non-governmental organisations. Further information is provided in the "Sustainability Report" on pages 76 to 116.

The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability. It is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the working groups and business units. This governance structure guides the Group in implementing sustainability strategies, managing goals, setting targets and reporting processes, strengthening relationships with its stakeholders, and ensuring accountability across its businesses. Further information is provided in the "Sustainability Report" on pages 76 to 116.

The Sustainability Committee was formed in 2020 as a Board Committee and is chaired by Ms Shih, Non-executive Director and Company Secretary, with Mr Koo, Executive Director and Chief Executive Officer, and Dr Wong Independent Non-executive Director, as members.

The responsibilities of the Sustainability Committee are to propose and recommend to the Board on the Group's sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals. The Sustainability Committee also reviews and reports to the Board on sustainability risks and opportunities, monitors and reviews emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Company's sustainability programmes on its stakeholders and the environment, and appraises and advises the Board on the Company's public communication, disclosure and publications as regards to its sustainability performance. Further information is provided in the "Sustainability Report" on pages 76 to 116.

The Sustainability Committee held two meetings in 2022 with 100% attendance.

Members	Attended/Eligible to attend
Edith Shih *(Chairman)*	2/2
Koo Sing Fai	2/2
Wong Yick Ming, Rosanna	2/2

During 2022, the Sustainability Committee reviewed the framework of the sustainability governance of the Company; the sustainability key performance indicators ("KPIs") for the year and initiatives of the Company, including those with respect to employees, customers, community and environment. In February 2023, the Sustainability Committee reviewed the 2022 sustainability KPIs and related activities as well as the 2023 sustainability initiatives of the Company. It also reviewed and recommended to the Board for approval the 2022 Sustainability Report which contained in this Annual Report.

The adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was also examined and considered satisfactory by the Sustainability Committee.

Sustainability is embedded in the risk management approach of the Group, through the bi-annual formal examination of all business units as to their material sustainability risks and presentations to senior management their plans on how these risks are managed as part of the bi-annual review of risk management and internal control systems. As an integral part of sustainability governance, these self-assessment results are subject to internal audits, then submission to the Chief Executive Officer and Chief Financial Officer biannually as well as the Audit and Sustainability Committees for review and approval.

Sustainability framework

The overall sustainability framework, approach and priorities of the Group are developed on four pillars: Governance, Environment, Social and Sustainable Business Model and Innovation. The corresponding Group policies, leadership, and the collective efforts of the entire business support each pillar. These four pillars guide the Group in setting the overall direction of its sustainability strategies for implementation across its businesses. The Group has developed nine Group-wide goals to guide its sustainability strategies and initiatives. To focus on what matters the most, the Group has set out four priority focus areas for 2021-22. While the goal — Protect employees and support communities and other stakeholders through the pandemic — is not a perpetual goal as in the case of the others, it has been listed as a priority given the significance of the pandemic and to ensure resources are prioritised for its impacts and the path to recovery. Further information is provided in the "Sustainability Report" on pages 76 to 116.

The Sustainability Report further discusses the sustainability mission and strategies, management approach, progress, material quantitative data, as well as policies and key initiatives of the Group. It is set out on pages 76 to 116 of this Annual Report.

Compliance with laws and regulations

Regulatory frameworks are closely analysed and monitored and internal policies are prepared and updated accordingly. Trainings are conducted to strengthen awareness and understanding of the Group's internal controls and compliance procedures. In addition, refresher courses on ethical business practices are provided on an annual basis. Further, the internal audit function of the Group is responsible for the assessment of the Group's sustainability practices and relevant regulatory compliance. Further information is provided in the "Sustainability Report" on pages 76 to 116.

The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning employment, occupational health and safety or labour standards, product responsibility, anti-corruption, air and water discharges, and generation of waste during the year. Further information is provided in the "Sustainability Report" on pages 76 to 116.

By Order of the Board

Edith SHIH
Non-executive Director and Company Secretary

Hong Kong, 28 February 2023

SUSTAINABILITY REPORT

The Group offers diverse and innovative mobile telecommunications and data solutions that create new digital value and unprecedented opportunities for consumers and businesses in the ever-changing digital landscape.

Sustainability Report

About this Report

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company" or "HTHKH") and its subsidiaries (collectively the "Group") present the following Sustainability Report for 2022.

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its sustainability objectives to the strategic development of its businesses. As a pioneer in mobile data communication technologies, the Group offers diverse and innovative mobile telecommunications and data solutions that create new digital value and unprecedented opportunities for consumers and businesses in the ever-changing digital landscape.

The collaborative approach of the Group combined with its supreme network and advanced technology enables the delivery of secure, seamless and innovative solutions. This accordingly supports the United Nations Sustainable Development Goals ("SDGs") in building sustainable, inclusive and digitally-enabled societies while engaging in responsible and ethical business actions with all its stakeholders.

Reporting Period

This report covers the year from 1 January to 31 December 2022, unless otherwise specified.

Reporting Boundary

The information disclosed in this report covers the mobile telecommunications businesses of the Group in Hong Kong and Macau.

Reporting Framework

This report was prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide ("ESG Guide") as set out in Appendix 27 of the Listing Rules. The ESG Guide content index in this report outlines how the ESG Guide has been applied.

This report should be read in conjunction with other sections in this Annual Report, which contains a comprehensive review of the financial performance and corporate governance as well as the key policies of the Group published on the Company's website.

Feedback

The Group values feedback and suggestions from all stakeholders on this report. Please contact us through the QR code below or email ir@hthkh.com.


CIRCULAR
ECONOMY

>70%
reduction in carbon emission intensity [1] against 2018 baseline

1,155
employees

827 tonnes
waste recycled

92%
full-time employees

8%
part-time employees

3.3 million
customer base

61%
male employees [2]

39%
female employees [2]

>700
suppliers

21 hours
average training hours [3]

99%
network coverage [4]

93% employees
completed trainings on anti-corruption/ethics and integrity

Notes:

(1) Carbon emission intensity represents carbon emission per terabyte ("TB") of data traffic ($kgCO_2e$ per TB).

(2) This ratio of workforce by gender refers to the number of full-time employees by gender.

(3) The number of average training hours refers to those completed by full-time employees.

(4) Based on test results in relation to **3** Hong Kong's 5G network and population distribution of Hong Kong conducted in January 2021.

Reporting on What Matters

Stakeholder Engagement

Sustainability is an integral element in maintaining the Group's position as a responsible mobile telecommunications operator and safeguarding the well-being and prosperity of the communities in which it operates. Understanding stakeholder views is crucial to defining a strategy with the interests of the society and the environment at heart. Taking a proactive approach to sustainability is a core part of the Group's values and is displayed on multiple fronts of its corporate strategies.

The Group engages in open and transparent dialogues with a wide range of stakeholders including employees, customers, suppliers and business partners, shareholders and investors, banks and creditors, professional institutions, governments and regulators, local communities and non-governmental organisations. The following illustration summarises the channels established by the Group to engage and communicate with its stakeholders and gain an understanding of their views and expectations.

Customers

- Customer loyalty programmes and events
- Customer satisfaction surveys
- Hotlines, email enquiries and iChat
- Mystery shopper programme
- My3 application
- Websites and social media

Suppliers and business partners

- Events and seminars
- Meetings
- On-site visits
- Regular business reports
- Supplier reviews and assessments

Banks and creditors

- Announcements and circulars
- Annual and interim reports
- Corporate communications
- Meetings with banks / creditors

Shareholders and investors

- Analyst briefings
- Announcements and circulars
- Annual general meetings
- Annual, interim and sustainability reports
- Corporate communications
- Email enquiries
- Websites

Professional institutions

- Committees and working groups
- Meetings, visits and workshops
- Memberships
- Questionnaires

Employees

- Engagement events
- Intranet
- Newsletters
- Performance reviews
- Town halls
- Trainee programmes and internships

Local communities

- Campaigns
- Interviews
- Media enquiries
- Press releases and conferences
- Websites and social media

Governments and regulators

- Circulars and guidelines
- Compliance reporting
- Government liaison groups
- Meetings
- On-site inspections
- Representation at committees or panels
- Representation to surveys and consultations conducted by regulatory authorities

Non-governmental organisations

- Collaborations
- Community investments
- Seminars
- Volunteering
- Workshops

Materiality Assessment

The Group conducted a materiality assessment to define the material sustainability issues faced by its operations that are perceived to be the most significant to the Group and its stakeholders. The materiality assessment of the Group is an iterative process to account for new information and emerging trends by way of a three-step process: identification, prioritisation and validation.

Identification

Identified potential sustainability issues relevant to the Group referencing:

- Material issues covered in industry-specific materiality frameworks such as the Global Reporting Initiative Standards and the Sustainable Accounting Standards Board Standards;
- SDGs;
- Environmental, Social and Governance Rating Reports;
- Employee engagement surveys;
- Researches on emerging issues and global socio-economic trends.

Prioritisation

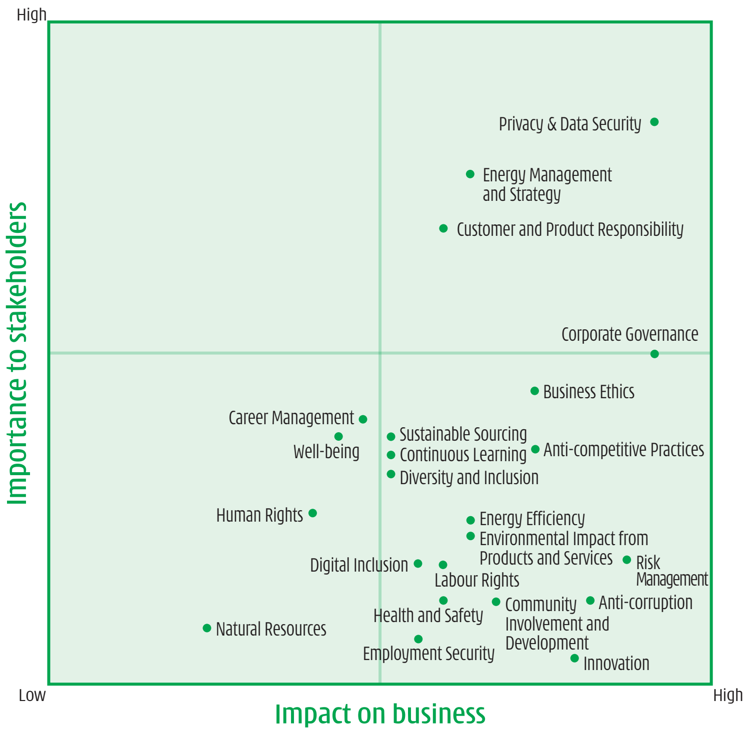
Influence of identified material issues on business success was evaluated by members of the Sustainability Working Group.

Prioritised issues that have a significant impact on the Group's ability to create long-term and sustainable value.

Validation

Material issues were reviewed by the Sustainability Working Group and then recommended to the Sustainability Committee for approval.

The following illustration summarises the material sustainability issues for the business by importance to stakeholders and impact on business. The results facilitate the Group in steering its sustainability strategies, prioritising its sustainability activities, and establishing meaningful metrics for effective performance evaluation.



Sustainability Framework

The Group is committed to playing its part in achieving the SDGs and the ambitions set out in the 2015 Paris Agreement. Following the three-step materiality assessment, the overall sustainability framework, approach and priorities of the Group are developed on four pillars: Governance, Environmental, Social, and Sustainable Business Model and Innovation. The corresponding Group policies, leadership and the collective efforts of the entire business support each pillar. These four pillars guide the Group in setting the overall direction of its sustainability strategies for implementation across its businesses.

The Group has developed nine Group-wide goals to guide its sustainability strategies and initiatives. To focus on what matters the most, the Group has set out four priority focus areas for 2021-22. While the goal – Protect employees and support communities and other stakeholders through the pandemic – is not a perpetual goal as in the case of the others, it has been listed as a priority given the significance of the pandemic and to ensure resources are prioritised for its impacts and the path to recovery.

Governance	Action Plans	Mapping to SDGs
1. Embed rigorous and effective governance	• Maintain transparent corporate governance which guides the Group in making balanced decisions that benefit all stakeholders.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
2. Operate responsibly with integrity	• Adhere to the highest compliance and anti-corruption standards and always act with integrity; • Promote environments where employees feel comfortable speaking up; • Implement leading practice approaches to data privacy and cyber security.	

Environmental	Action Plans	Mapping to SDGs
3. Take action on climate change ★	• Manage the physical and transition risks of climate change and seize opportunities arising from the transition to a low-carbon economy; • Encourage and embrace scientific and technological innovation to reduce the carbon footprints of the Group's businesses at a faster rate, and contribute to helping to achieve the goals set out in the 2015 Paris Agreement, specifically to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels; • Develop carbon footprints including scope 1, 2 and 3 emissions along with the help of carbon experts; • Set medium and long-term targets on key performance indicators ("KPIs").	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
4. Protect natural resources	• Conserve water and prevent air, water and land pollution.	
5. Promote a circular economy	• Integrate circular thinking into business strategies through responsible raw material sourcing, efficient production processes and product design, and inspiring sustainable consumer behaviours.	

★ 2021/22 priority focus area

Social	Action Plans	Mapping to SDGs
6. Create great places to work ★	• Attract, develop, and retain a high-performing and engaged workforce; • Make work an equitable, diverse and inclusive workplace; • Promote zero-harm and healthy workplaces.	
7. Help to build thriving and resilient communities	• Deliver business growth that benefits the communities in which the Group operates; • Invest in programmes for meaningful impact and foster long-term relationships.	
8. Protect employees and support communities and other stakeholders through the pandemic ★	• Keep employees safe by providing them with the tools and support to successfully work from home; • Protect the health and well-being of customers; • Maintain focus on supporting health care services and the needs of the vulnerable; • Prioritise health and wellness over profit whenever and wherever the Group's employees or communities are at risk.	

Sustainable Business Model and Innovation	Action Plans	Mapping to SDGs
9. Offer customers sustainable products and invest in and embrace innovation to achieve impacts ★	• Invest in innovations that will have a transformational impact on sustainability and will ensure the Group's businesses being 'future-fit'; • Adapt products and services to be more sustainable, while always ensuring the highest levels of their quality and safety; • Communicate the sustainability benefits of products and services to customers with transparency and authenticity; • Partner with suppliers that share the Group's sustainability priorities and uphold high levels of environmental and ethical conduct.	

★ 2021/22 priority focus area

Governance

1 Embed Rigorous and Effective Governance

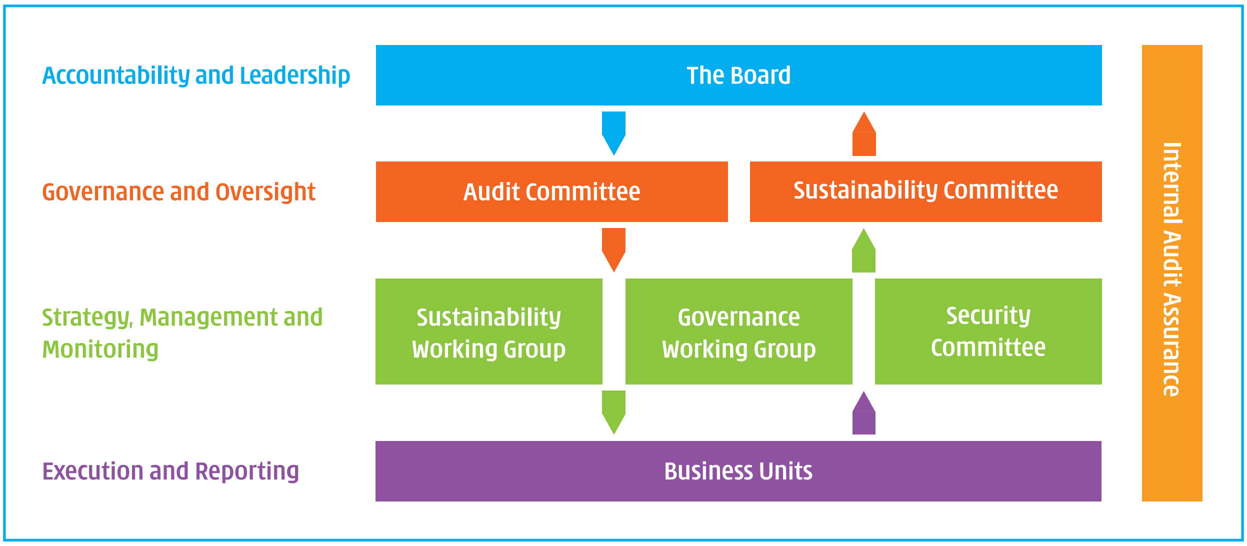
Maintain transparent corporate governance which guides the Group in making balanced decisions that benefit all stakeholders

Governance Structure

The Group strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group. An effective corporate governance framework is fundamental to promoting and safeguarding the interests of shareholders and other stakeholders as well as enhancing shareholder value.

The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability. It is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the Security Committee, the working groups and business units. This governance structure guides the Group in implementing sustainability strategies, managing goals, setting targets and reporting processes, strengthening relationships with its stakeholders, and ensuring accountability across its businesses.

Together with internal audit assurance, the governance structure is further bolstered by the bi-annual self-assessment review across the business units for the Group to manage its enterprise and process risks as well as to ensure statutory and regulatory compliance including sustainability-related reporting and to provide reasonable assurance to the Board, via the Sustainability Committee and the Audit Committee. The Group has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability, continuously enhancing and inculcating an ethical corporate culture.



The Board

- Ultimate accountability for the sustainability strategy, management, performance, and reporting of the Group through the support of the Sustainability Committee and the Audit Committee;
- Examines and approves the sustainability objectives, strategies, priorities, initiatives, and goals, as well as related significant policies and framework of the Group;
- Periodically examines and reviews sustainability risks and opportunities reported by the Sustainability Committee and the Audit Committee, and their impact on business strategies, including new investments.

- The Group values the benefits of Board diversity which possesses a balance of skills set, expertise, experience and perspective;
- On the date of this report, the Board comprised 10 directors of which female directors accounted for 30% of the Board.

Audit Committee

- Maintains oversight of the effectiveness of the financial reporting, risk management and internal control systems of the Group;
- Responsible for reviewing the corporate governance policies and practices of the Group, including compliance with legal and regulatory requirements.

Download the Terms of Reference of the Audit Committee

Sustainability Committee

- Advises the Board and management on, and oversees the development and implementation of the sustainability initiatives of the Group, including reviewing related policies and practices as well as assessing and making recommendations on matters pertaining to the sustainability governance, strategies, planning and risk management of the Group.

Download the Terms of Reference of the Sustainability Committee

- The Sustainability Committee was formed in 2020 as a Board Committee and is chaired by a Non-executive Director and Company Secretary with Executive Director and Chief Executive Officer, and Independent Non-executive Director, as members;
- This committee holds meetings at least twice a year.

Security Committee

- Oversees the cyber security defences of the Group to ensure that its efforts in this area are effective, coherent, and well-coordinated;
- Monitors the cyber threat landscape to gain insights into emerging and existing attacks and their implications.

- This committee is chaired by the Vice President - Digital Innovations & IT Development and comprises relevant technical specialists from the Information Technology department and the Corporate Security & Fraud Management function.

Governance Working Group

- Assists the Audit Committee and Sustainability Committee on governance tasks by providing timely reviews and updates, identifying emerging matters on compliance, and establishing appropriate compliance policies and procedures for adoption.

- This working group is chaired by a Non-executive Director and Company Secretary and comprises representatives from various business functions of the Group;
- An overall corporate governance compliance review is presented to the Audit Committee, providing updates on key compliance matters during the review period.

Sustainability Working Group

- Co-chaired by the Chief Executive Officer and the Chief Financial Officer and comprises senior executives from business units linked to sustainability topics which are deemed material to the Group to ensure that the wider interests of the Group are adequately represented in sustainability strategies and approach.

Executive Director and Chief Executive Officer

Chief Financial Officer

Corresponding heads of

Corporate Affairs	Legal	Human Resources	Network
Information Technology	Investor Affairs and Sustainability	Administration	Corporate Security

Business Units

- Conduct regular task force meetings to report on sustainability target performance and self-assessment results on the effectiveness of risk management and internal control systems in place;
- Act and respond to sustainability risks and opportunities.

Internal Audit Assurance

- Reports directly to the Audit Committee and provides independent assurance as to the existence and the effectiveness of risk management activities and internal controls systems including those relating to sustainability.

Risk Management

As part of its enterprise risk management, the Group conducts a bi-annual self-assessment review to evaluate its enterprise risk management, its operations, as well as statutory and regulatory compliance matters such as tax and anti-fraud and anti-bribery practices. A review of the goals and targets addressing sustainability issues also forms part of the self-assessment review. The self-assessment results are subject to internal audits, which are then submitted to the Directors, the Audit Committee and the Sustainability Committee for review and approval. Relevant results are also shared with external auditor.

In 2021, climate change was given additional focus during the risk assessment process and noted as a greater priority going forward. As part of its broader risk management framework, the Group has developed specific business continuity plans and manuals designed to protect its assets and data from cyber-attacks, delivering stable and effective connectivity especially in times of crisis. The Crisis Management Team of the Group, consisting of senior executives, coordinates responses and actions at a strategic or tactical level in times of crisis. Annual crisis drills are conducted to ensure that key team members are well-prepared for emergencies.

2 Operate Responsibly with Integrity

Adhere to the highest compliance and anti-corruption standards and always act with integrity

The Group is committed to ensuring compliance with all applicable local laws, rules and regulations of the jurisdictions in which it operates. Regulatory frameworks within which the Group operates are scrutinised and monitored and a suite of foundational policies serves as the ultimate guiding principles for practices within the Group. These policies, along with procedures and guidelines, have been adopted across the Group to meet operational needs as well as legal and regulatory requirements. The Group monitors the execution and compliance of these policies, procedures and guidelines through regular management reviews and reporting, translating the values of the Group into actions, reinforcing the commitments of the Group to business integrity, people, environment and the community in which it operates. More information on corporate governance is set out in the Corporate Governance Report on pages 47 to 75 of this Annual Report.

Policy Overview

Corporate Governance

- Board Diversity Policy
- Director Nomination Policy
- Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information

Business Practices

- Anti-Fraud and Anti-Bribery Policy ("AFAB Policy")
- Whistleblowing Policy

Environment

- Environmental Policy

Stakeholder Engagement

- Shareholders Communication Policy

Sustainability Approach

- Sustainability Policy

Customers and Communities

- Information Security Policy
- Corporate Communications Policy (formerly known as "Media, Public Engagement and Donation Policy")
- Policy on Personal Data Governance

Employment and Labour

- Code of Ethics (the "Code")
- Health and Safety Policy
- Human Rights Policy
- Modern Slavery and Human Trafficking Statement

Supply Chain Management

- Business Partner Evaluation Policy
- Policy on Appointment of Third Party Representatives
- Purchasing Policy
- Supplier Code of Conduct

The Code

The Code, available on the Company's website and intranet, sets out the professional and ethical standards for the employees to observe in all business dealings, including provisions dealing with conflict of interests, fair dealings and integrity, corruption, political contribution, confidentiality, personal data protection and privacy, as well as whistleblowing procedures.

All employees are required to annually declare their acknowledgement and compliance with the Code and related policies. Employees should report the conduct or action of any employee that does not comply with the law or the Code in accordance with the Suspected Fraud and Reportable Events Report Procedures or the Confidential Whistleblowing Mechanism.

AFAB Policy

The AFAB Policy outlines the zero-tolerance approach of the Group to bribery and corruption and guides employees in circumstances which may lead to, or give the appearance of, being involved in corruption or unethical business conduct. It includes provisions relating to kickbacks, political and charitable contributions, gifts and hospitality, and procurement of goods and services.

For political donations, in accordance with the AFAB Policy as well as the Corporate Communications Policy, it is the general policy of the Group not to make any forms of donations to political associations or individual politicians.

Policy Training

All employees are well informed of the Code and other relevant policies, which are available on the Company's website and intranet, and are required to annually declare their acknowledgement and compliance with the Code and related policies. Periodic fraud alerts and workshops about new or common fraud schemes are also circulated or held to raise cyber security awareness among employees and be vigilant against fraudulent and phishing emails. These measures and policies equip the employees with adequate skills in handling customer and company information, as well as knowledge relating to the development of relevant cyber security rules and regulations. The use of mobile devices and removable drives are also restricted to minimise the risks associated with data exfiltration.

Interactive Training

In 2022, the Group completed the final phase of the digitalisation project of annual compliance training which began in 2020. The training programme was further refined to improve the ease of access and to include a knowledge assessment. This on-demand interactive approach not only creates flexibility in the execution of the mandatory training requirements but also conveys a deeper understanding of the policies to employees' day-to-day work. The Group also went beyond the requirement and encouraged employees to join the corporate governance and anti-corruption webinar organised by the Independent Commission Against Corruption.

The Company also arranges and provides Continuous Professional Development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help them keep abreast of current trends and issues relevant to the Group. These include industry-specific and innovative changes, legal and regulatory updates in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, and functions and duties of a listed company director. The Directors are required to provide the Company with their training records, which are made available for regular review by the Audit Committee. The CPD training undertaken by each Director in 2022 was an average of approximately 10 hours.

Promote environments where employees feel comfortable speaking up

The Group has established a number of communication channels including Executive Sharing Session, Management High Table programme and Reverse Mentorship programme to promote conscious leadership and open dialogue.

Confidential Whistleblowing Mechanism

The Group has monitoring measures and procedures in place to detect bribery, fraud or other acts of malpractice. Employees and all other relevant stakeholders are encouraged to raise their concerns of suspected acts of misconduct, malpractice or fraud through the whistleblowing mechanisms of the Group.

Incidents or suspected incidents of fraud and corruption are immediately investigated in a highly confidential manner. Internal Audit is responsible for reviewing every reported incident, escalating promptly to the Audit Committee if the incident is of a significant nature. A summary of the reported incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Chief Financial Officer quarterly. For concerns that are substantiated, disciplinary actions including verbal or written warning and termination of employment are taken after due management consideration. Violations of the laws and regulations are reported to the police or other law enforcement organisations. The Whistleblowing Policy is available on the Company's website and intranet.

Implement leading practice approaches to data privacy and cyber security

Governance

The rapid development of data privacy and information security regulations is increasingly affecting the telecommunications industry, posing a growing challenge for operators in maintaining customer relationships. As such, the protection of personal data is fundamental to preserving the trust of customers and employees.

The Group is committed to safeguarding and protecting their personal data. Legislative and regulatory requirements concerning personal data processing are embedded in all business activities. Employees must not disclose any confidential information on the operation of the Group, nor that of its customers, suppliers, business partners or shareholders, except when disclosure is authorised in accordance with the Information Security Policy. Employees must collect and use personal data only in accordance with policies, procedures and guidelines of the Group in compliance with applicable data protection laws pertaining to data privacy and security. The Regulatory Advisory Committee, supported by the Data Protection Committee, is responsible for overseeing personal data protection of the Group. Appropriate technical and organisational measures have also been implemented. Policies of the Group are reviewed and updated periodically to allow timely communication with employees. Employees are required to submit a self-declaration annually to acknowledge and confirm compliance with all applicable Group policies.

Policy on Personal Data Governance

The Policy on Personal Data Governance, together with the Code and other related policies, procedures and guidelines of the Group, set out the governance framework for safeguarding employees' and customers' personal data of the Group.

Information Security Policy

The Information Security Policy applies to the creation, communication, storage, transmission and destruction of all different types of information within the Group. Each person within the Group has a responsibility to protect information. Information security controls should be proportionate to the risks of modification, denial of use, or disclosure of the information. Access to corporate information shall be restricted such that only those who have an evident business reason to access the information shall be granted access.

In recent years, Data Security Incidents ("DSIs") have increased in frequency, scale and severity on a global scale. Loss or leakage of data, including customers' or employees' personal data as well as technical and trade information, could have significant consequences on the operations of the Group and could result in third-party claims and regulatory investigations.

In the event of a DSI involving personal data, the Group will respond immediately according to applicable procedures to mitigate the potential consequences and secure personal data from further unauthorised access, use or damage. The Legal & Regulatory Affairs Department and the Corporate Security team of the Group will be alerted and the relevant authorities and affected individuals will be notified if required. Guidance on handling DSIs and the notification process is reviewed and updated periodically.

- The Group is committed to safeguarding and protecting personal data.

Data Privacy Principles

The Group is committed to ensuring effective customer data management. Legislative and regulatory requirements concerning personal data processing are embedded in all business activities. Appropriate technical and organisational measures have also been designed and adopted to implement data privacy principles effectively.

Data Collection

- Collect only necessary and relevant personal data for specified, clear and legitimate purposes

Data Accuracy

- Take appropriate steps to ensure personal data held are accurate and up-to-date

Use of Data / Data Access

- Use personal data in a lawful, fair and transparent manner
- Provide a clear, transparent, understandable and updated Privacy Notice
- Ensure the use of personal data in compliance with applicable data protection laws
- Restrict employee access to personal data on a need-to-know basis only

Data Retention

- Keep only personal data that are necessary for the fulfilment of the purposes for which they are being used, and in accordance with internal guidelines for document retention periods
- Erase personal data from the system that are no longer required for the purpose for which they were collected

Data Security

- Use encryption techniques to retain, use and transmit personal data
- Maintain stringent and adequate security measures to protect personal data that the Group is entrusted against unauthorised or unlawful access
- Review security measures regularly to ensure their protection level is appropriate

Rights of Individuals

- Process personal data in accordance with the rights of individuals under applicable data protection laws
- Handle requests from individuals to access, amend or delete their personal data in a manner compliant with applicable data protection laws

Regular trainings are organised to ensure that employees are up-to-date on the latest requirements and developments of the relevant rules and regulations. The Group issues operational guidelines, handbooks and periodic internal communications, and conducts workshops to reinforce the importance of customer data protection among its customer-facing employees. The Group also conducts regular privacy risk assessments to evaluate prevailing privacy risks and the adequacy of mitigating controls.

Environmental

3 Take Action on Climate Change

Manage the physical and transition risks of climate change and seize opportunities arising from the transition to a low-carbon economy

Changes in the climate have the potential to disrupt supply chains and interrupt business operations, causing both physical and financial damage. Changes in weather patterns and major weather events such as typhoons and extreme rainfall could also damage the Group's assets and businesses, and pose increased risks to stakeholders of the Group such as employees, customers and suppliers who live and work in affected areas. Governments around the world are seeking to transition to low-carbon economies and are introducing legislation to restrict emissions and incentivise environmental protection measures.

In light of this, the Group is very conscious of the potential environmental impact of its business activities, and especially the impact of growing energy usage arising from its 5G network expansion and the ever-increasing data traffic. The Group's scope 1 Greenhouse Gas ("GHG") emissions primarily relate to the consumption of refrigerants for cooling, while scope 2 GHG emissions relate to the electricity consumption of its network facilities and equipment, which require a continuous supply of power. The remaining energy consumption is attributable to energy consumed by the Group's offices, call centres, self-owned stores and corporate fleet.

Despite consuming more energy than previous generations of network technology, 5G network technology provides higher network capacity. The Group is committed to managing its footprint across its network and operations to contribute positively to environmental sustainability, by becoming more energy efficient and supporting the global transition to a low-carbon economy. Key areas of opportunity in delivering sustainable business solutions, are identified and summarised in the below illustration.

90%

Network-related facilities accounted for more than 90% of the Group's total electricity consumption.

Energy Efficiency	Adapting to climate change
• Continue to explore options for energy efficiency • Embrace digitalisation and innovation to transform lifestyles • Continue to promote innovation in Internet-of-Things ("IoT") applications and smart city solutions enabled by 5G connectivity	• Protect the Group's employees and assets from the effects of climate change, and make ready for a changing climate • Conduct periodic climate risk assessments
Finance and investments	**Circular Economy**
• Continue to align spending in line with a net-zero pathway	• Encourage the reduction, reuse and recycling of all forms of waste • When designing systems and services, keep circular economy principles in mind

Encourage and embrace scientific and technological innovation to reduce the carbon footprints of the Group's businesses at a faster rate, and contribute to helping to achieve the goals set out in the 2015 Paris Agreement, specifically to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels

Since most of its electricity consumption stems from its network facilities, the Group is striving to integrate climate change considerations into its business practices. Key challenge is to lower its carbon emissions by enhancing the energy efficiency of its mobile networks. There are two main ways in which the Group is doing this. One is by increasing its use of innovative and efficient technologies, processes and systems to minimise energy usage. The other is by embracing and encouraging behavioural change, in its employees, suppliers, business partners and customers.

Since 2019, the Group invested more than HK$3 billion for expanding its mobile network and developing its 5G network. In 2020, the Group began a multi-year network expansion project which involves building over 1,400 3.5 GHz 5G golden spectrum band base stations. By 2022, the number of its base stations had been increased by more than 50% compared to the third quarter of 2020. The Group has also expanded its 5G network to the East Rail Line Cross-Harbour Extension of the MTR, Tseung Kwan O – Lam Tin Tunnel and Cross Bay Link, and activated its commercial 5G network on the 700 MHz spectrum band.

Although network densification unlocks the full potentials of 5G network connectivity, it also increases power demand. To minimise the environmental impact of this, selected base stations are being reconfigured from indoor to outdoor to take advantage of natural cooling that will reduce energy usage. Smart solutions are also being adopted to enable stations to go into sleep mode during low usage hours without impacting network services.

Over the past few years, the Group has modernised and upgraded its switching centres. Legacy installations have been decommissioned and upgraded utilising the latest advanced technologies. The new switching centre configurations offer improved cooling architecture and integrated space utilisation, making for better heat circulation and a reduction in the electricity and water needed for cooling. The updated facilities also feature robust computing systems with higher capacity to streamline processes and increase productivity, strengthening competitiveness and securing a sustainable future.

In 2022, the Group upgraded its network operations centre to improve network resilience and security. The network operations centre is essentially a hub for around-the-clock monitoring of network health and performance. The upgrade adopted automation to enhance the security and monitoring of network performance. Legacy technologies were replaced with updated equipment and solutions, resulting in a digitalised workflow, while machine learning adapts and predicts traffic usage patterns and hence adjusting its resources accordingly.

>20%

Despite the exponential increase in data traffic, the Group's switching centre reported more than 20% savings in electricity consumption compared to the level in 2018.

• The network operations centre is a hub for around-the-clock monitoring of network health and performance.

Develop carbon footprints including scope 1, 2, and 3 emissions along with the help of carbon experts

The Group is a member of CK Hutchison Group Telecom Holdings Limited ("CKHGT"), which comprises the telecommunications business units of **3** Group Europe, and in Hong Kong and Macau. Member business units meet regularly to drive climate-related initiatives and accelerate migration, as well as to set emission reduction targets and share best practices.

In addition to reporting its scope 1 and scope 2 GHG emissions, the Group has participated in CKHGT's initiatives to develop its scope 3 GHG emission reporting. The Group will be working to incorporate scope 3 GHG emissions reporting into its long-term target.

Set medium and long-term targets on KPIs

The Group continues to explore and invest in energy-efficient and future-fit technologies to further the journey to a sustainable future. Since 2020, medium and long-term targets on KPIs relating to material topics have been set. In 2022, the Group had achieved all of its targets including a reduction in GHG emissions per TB of data traffic ($kgCO_2e$ per TB) by more than 70% versus its 2018 baseline. This milestone of achieving its 2025 target ahead of schedule by the Group-wide efforts on climate change was made possible, including investments in technologies and change in behaviour. In addition, new targets have been set by the Group aiming to reduce carbon intensity by 70% in 2025 and by 90% in 2030 versus a 2020 baseline.

	Medium and long-term targets	Progress
Emissions	Reduce GHG emissions per TB of data traffic ($kgCO_2e$ per TB) by 70% by 2025 versus a 2018 baseline	Achieved in 2022
	Reduce annual GHG emissions per TB of data traffic ($kgCO_2e$ per TB) by 2%	Achieved in 2022
	Reduce carbon intensity by 70% by 2025 and 90% by 2030 versus a 2020 baseline	On track
Paper	Reduce paper usage by 40% by 2025 versus a 2018 baseline	On track
	Reduce annual paper usage by 2%	Achieved in 2022
Waste	Achieve a recycling rate of 35% for general office waste produced by the Hong Kong operation by 2022	Achieved in 2022

ISO 14001:2015 BUREAU VERITAS Certification UKAS MANAGEMENT SYSTEMS 0008

ISO 45001:2018 BUREAU VERITAS Certification UKAS MANAGEMENT SYSTEMS 0008

In 2022, the Group was awarded ISO 14001:2015 environmental management systems certificate in three areas including network design, installation and maintenance operations for designated locations by Bureau Veritas Certification Hong Kong Limited. ISO 14001:2015 requires the company to establish policies mitigating the adverse effects to the environment in view of the life cycle of products and services. **3** Hong Kong has devoted its efforts to reaching a balance between its commercial operations and the natural environment, which aims to lower the environmental impacts related to business activities. Environmental-related policies, with training and campaigns to raise awareness, are in place to address the impacts and best practices in managing the disposal of office waste, construction debris and depleted batteries. Recycling and resource conservation are also promoted to create a paperless office, reducing pollution and promoting the efficient use of resources. In terms of procurement, environmental protection is also one of the key considerations in selecting the Group's business partners.

4 Protect Natural Resources

Conserve water and prevent air, water and land pollution

The Group regularly reviews its operations for ways to implement lower-impact workflow and influence behaviour. The Environmental Policy of the Group contains strategies for achieving a culture of efficiency and good environmental stewardship practices.

Sustainability Policy

The Sustainability Policy of the Group outlines the Group-wide sustainability approach and priorities of the Group to encourage sustainability practices across its operations.

The Group is committed to complying with or exceeding the relevant laws and regulations to control any GHG emissions, discharges into water and land, and waste generation. Where applicable, targets are set and regularly reviewed, accordingly the results are assessed to ensure the efficiency of the measures to control emissions. Business units are required to consider local sustainability initiatives and programmes based on local needs and it is a core responsibility of the management team of every business unit. The Group also encourages its operations to monitor and manage the use of natural resources, including energy, water and other raw materials, in accordance with their identified material impacts.

Recognising that stakeholder expectations will evolve, the Group regularly reviews its operations and proactively communicates with stakeholders to identify and respond to emerging issues. In tandem, the Sustainability Committee of the Group regularly reviews the sustainability practices and performance and reports to the Board. The sustainability performance of the Group is reported on an annual basis in the sustainability report contained in the annual report of the Company.

Environmental Policy

The Environmental Policy of the Group represents a key part of its ongoing efforts to achieve efficient processes across its operations and manage its environmental impact. The Group strives to adopt behavioural change and the use of innovative and efficient technology, processes and systems to drive and monitor reduction initiatives. The Group also endeavours to implement measures to protect natural resources and adopt circular business model approaches.

- The Group strives to protect natural resources.

Waste Lead-acid Batteries

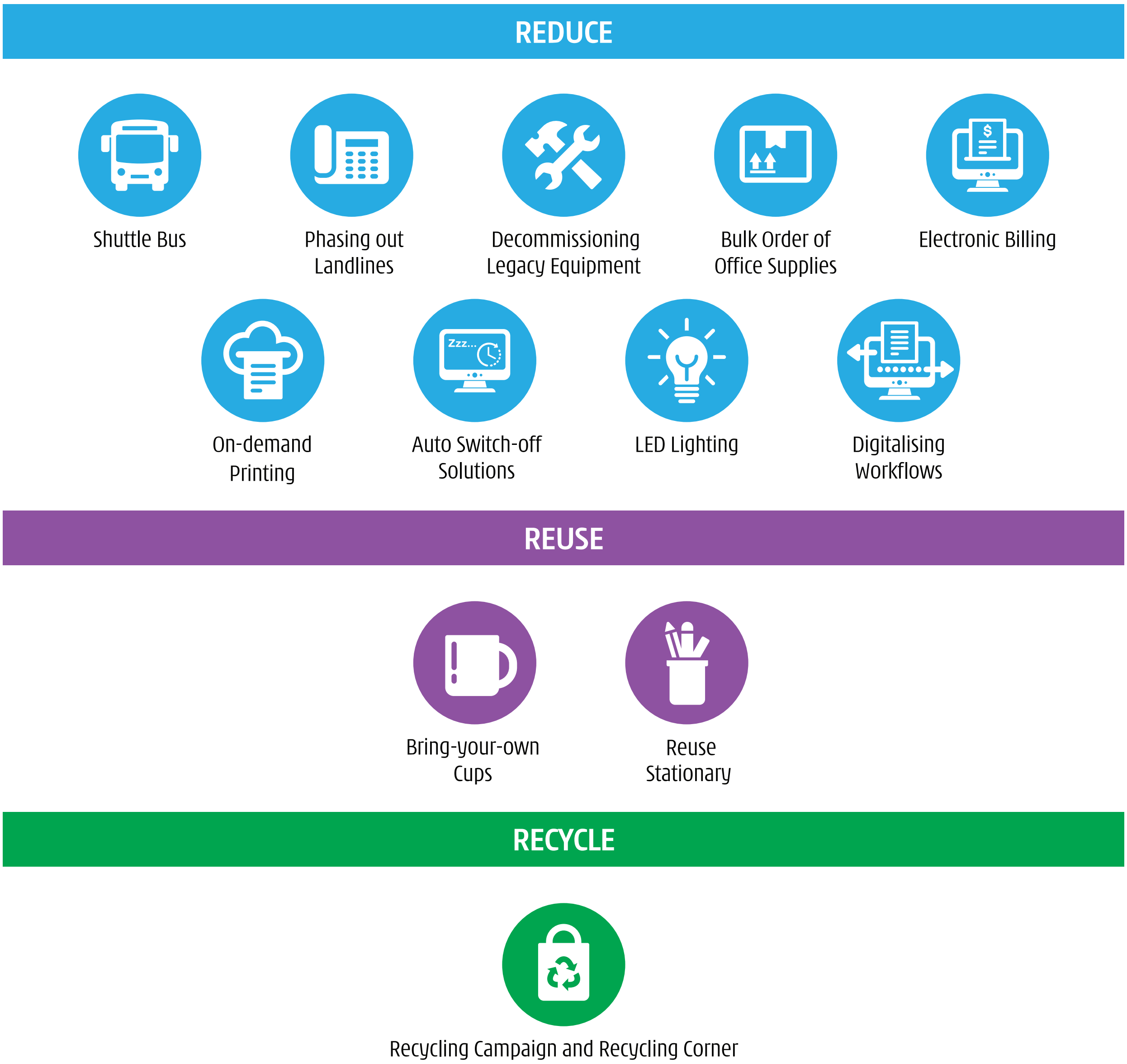
Lead-acid batteries are an integral part of the Group's network operations as they provide an uninterruptible power supply for computer servers and systems. However, they need to be properly recycled to avoid long-term damage to the environment.

3 Hong Kong has joined the Green Friends initiative of Hong Kong Battery Recycling Centre Limited, the first facility in Hong Kong licensed to recycle waste lead-acid batteries locally in compliance with all relevant rules and regulations. The facility employs state-of-the-art technology to reuse over 90% of the batteries collected.

Reduce, Reuse, Recycle

Over the past few years, the Group has launched various campaigns and initiatives to showcase the principle of "Reduce, Reuse and Recycle". Since 2020, the Group has been awarded the Energywi$e and Wastewi$e Certificates by the Hong Kong Green Organisation Certification of the Environmental Campaign Committee in recognition of its ongoing adoption of measures to reduce waste and conserve energy respectively. For the most recent assessment period, the Group received both Energywi$e and Wastewi$e Certificates at the Good Level.

Note:
The Energywi$e and Wastewi$e Certificates awarded by the Hong Kong Green Organisation Certification of the Environmental Campaign Committee will expire in March 2024 and September 2023 respectively.



5 Promote a Circular Economy

Integrate circular thinking into business strategies through responsible raw material sourcing, efficient production processes and product design, and inspiring sustainable consumer behaviours

Responsible Sourcing and Design

The Group seeks to share its vision with its business partners and suppliers to collectively build a more sustainable future. Considerations of sustainability and climate change impact are integrated into the business activities of the Group. Businesses are conducted in accordance with applicable environmental laws, rules and regulations. Regulatory frameworks within the Group are analysed and monitored, with internal policies prepared and updated accordingly.

Supplier Code of Conduct

The Supplier Code of Conduct is a guide to the business partners and suppliers of the Group, bringing broader improvements in sustainability practices and performance for its business partners and suppliers, and the communities the Group serves.

This policy has been developed taking into consideration a number of international charters and conventions such as the United Nation's Declaration on Human Rights and the International Labour Organisation Core Conventions. It sets out standards expected of its business partners and suppliers, encompassing specific criteria and standards in environmental performance, ethics, health and safety, quality and regulatory compliance.

Together with the Purchasing Policy, Business Partner Evaluation Policy and AFAB Policy, this policy and other controls and procedures provide direction and guidelines on evaluation and engagement with business partners and suppliers. Regular assessments and thorough evaluations are also conducted on selected business partners and suppliers of the Group. Compliance acknowledgment with the Supplier Code of Conduct is required for those within the scope of Business Partner Evaluation Policy.

Conventional SIM cards are produced with credit-card-sized plastic frames and come with paper instruction leaflets and plastic packaging material. Conscious of the environmental impacts of these features, the Group is committed to moving towards sustainable sourcing of materials. Over recent years, the Group has looked to produce SIM cards that make greater use of recycled plastic and of paper from sustainable sources. Packaging material and leaflet instructions have also been eliminated following the digitalisation of the mobile application of one of the Group's most popular prepaid products, which enables customers to self-register and top up following instructions in digital form.

Inspiring Behaviour

The Group strives to cultivate a greater awareness of environmental issues among all stakeholders by understanding consumer behaviour and drivers such as price, fit, information, individual beliefs and preference, as well as conducting promotional campaigns and offering innovative services, inspiring sustainable consumer behaviours and promoting a circular economy.

The Group offered a one-stop handset recycling service. Customers can also help to protect the environment through the Recycling Handsets and Accessories Programme, under which they can dispose of their old or unwanted handsets and accessories (such as batteries, chargers, headphones, earpieces, USB cables and stylus pens) in recycling boxes in selected 3Shops. Items collected under this programme are passed on to the Computer and Communication Products Recycling Programme run by the government with industry partners and voluntary organisations. Equipment still in working condition is refurbished and donated to people in need, while other parts and useful materials are recycled.

Social

6 Create Great Places to Work

The Group complies with all applicable laws and regulations in relation with labour standards, employment guidelines and regulations, in which the Group operates. The Group is committed to fostering a collaborative and diverse working environment for its employees and offering equal opportunities to all its stakeholders.

The following table summarises the position of the Group in various labour-related areas and relevant policies.

Aspect	Commitment of the Group	Relevant Policy
Discrimination	The Group is committed to providing a safe work environment and has zero tolerance for discrimination and harassment of any kind, including but not limited to unwelcome and offensive conduct (whether verbal, physical or visual) based on a person's gender, relationship status, disability or other factors.	• Code of Ethics • Human Rights Policy
Employment Practice	The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment, promotion processes and working conditions. Employees are hired and selected based on their skill sets and abilities, regardless of race, gender or religion. It is the Group policy to provide equal opportunity to all employees with regard to hiring, pay rates, training and development, promotions and other terms of employment. The Group also strictly observes all local legislation and specific working hour requirements in the jurisdictions in which it operates.	• Code of Ethics • Human Rights Policy
Ethics	All employees must become familiar, and fully comply, with the Code as well as all other Group policies and procedures. All Employees must comply with all applicable laws, rules, codes and regulations, including insider trading laws, competition laws, environmental laws, personal data protection and privacy laws and those related to taxation and financial crime, wherever the Group conducts business.	• Code of Ethics
Health and Safety	The Group is committed to offering a safe and secure environment for its employees, customers and other stakeholders when they are at Group facilities and premises, complying with all applicable laws and regulations in the relevant jurisdictions and meeting industry-specific standards or best practices.	• Health and Safety Policy
Human Rights and Child Labour	The Group strives to respect and promote human rights and aims to help increase the protection and enjoyment of human rights within the communities in which it operates. Any form of child labour or forced labour, including prison labour, bonded labour, any form of slavery and any form of human trafficking is prohibited.	• Human Rights Policy • Modern Slavery and Human Trafficking Statement

Attract, develop, and retain a high-performing and engaged workforce

The Group works closely with educational institutions to recruit, develop and engage talents, offering extensive career opportunities for young people developing their skills, and providing them with a platform to shine.

Trainee Programmes and Internship

The Group introduced its management trainee programme for university graduates in 2020. Through taking up different on-the-job training in various departments, the trainees gain a better understanding and valuable hands-on exposure of the Group's key operations. The Group's high potential management trainees are given the opportunities to fast track their careers to managerial positions across a broad range of business areas.

The Group has welcomed the third intake of the management trainee programme and now launched a new professional trainee programme to extend to enterprise market and engineering departments. The trainees benefit from the exchange of knowledge, skills, insights, best practices, as well as the opportunity to enhance their communication and collaboration abilities. The Group's interactions with young people enable it to share its vision of the future and kindle a passion for the industry, cultivating frank and open communication.

The Group also offers internship opportunities to undergraduate students interested in pursuing careers in telecommunications. The interns are offered to gain commercial experience in their field of study and widen their horizons through various business projects.

Training and Development

The Group encourages its employees to acquire future-fit skills by participating in a comprehensive array of training programmes to cultivate a high-performance workforce. Skill gaps are identified through a training needs analysis, and accordingly training is provided across a wide range of areas. In addition, training subsidies are available to employees seeking to pursue a career path or strengthen their skills and knowledge. The Group's direction is to provide employees with extensive learning and development opportunities to realise their potentials and improve their knowledge and skills to support business growth and their own professional development.

Visits to the Group's mobile telecommunications operations facilities were arranged to increase engagement and work knowledge. Visits to other operations within the CKHH Group were also taken place to help employees understand the operations of different industries.

Staff Engagement Activities

The Group organised various events during the year to improve overall staff engagement and work culture. 3reeative, comprising a group of employees from diverse departments, was formed in late 2019 to enhance staff engagement by undertaking initiatives focused on five elements: communication, relationship, recognition, wellness and growth. It reinforces employees' sense of belonging by organising events, sharing sessions and festive marketplaces.

During the year, an internal "Cute Pet Photo Contest" was held. For those who enjoy staying active, a walking challenge of 10,000 steps a day was also held. Besides, a design competition for kids of family and friends was organised to encourage the future generation to envision a sustainable future.

Despite the disruption and uncertainty arising from COVID-19, the Group organised various activities to lighten the atmosphere, unleash creativity and deepen the sense of belonging of the employees.

• The Group organises various events to promote staff engagement.

Staff Engagement Channels

The latest Group policies, and information on topics such as working remotely, staff welfare and shuttle bus schedules, are available on the intranet and via 3Connect mobile application platforms. A number of communication channels are in place to facilitate open dialogue with employees. JoMeh, launched in 2021, released 27 videos in 2022 and continues to be the internal video communications channel to share videos of business updates.

To better understand the satisfaction and needs of the staff regarding transportation and the staff cafeteria, a Group-wide questionnaire was conducted in 2022. Bus routes and schedules of the Group's free shuttle bus service were optimised accordingly, along with the menu options in the cafeteria to reflect employees' preferences. This exercise enabled the Group to assess the performance of its service providers, providing feedback, improving experience, and reducing carbon footprints by lessening the use of other forms of transportation.

• Four employees have won the "Outstanding Young Salesman Award", with one named amongst the Top 5 for the award.

Employee Recognition

The Distinguished Salesperson Award Programme is an international event organised annually in Hong Kong, under the sponsorship of the Sales and Marketing Executives Club of the Hong Kong Management Association in conjunction with Sales and Marketing Executives International of New York, honouring the outstanding performance of frontline salespersons. Four employees of the Group grabbed the "Outstanding Young Salesman Award", with one named amongst the Top 5 for the award. This is a testament to the Group's efforts in nurturing new generations of salespersons and brings further encouragement to other frontline sales teams of the Group as well.

Make work an equitable, diverse and inclusive workplace

The Group is committed to fostering a diverse and inclusive workplace that reflects the diversity of the communities in which the Group operates. The Group places tremendous emphasis on diversity, reflected in mentoring programmes, equitable hiring practices, policies and awareness campaigns, and trainings to support inclusion. As at 31 December 2022, 39% of the full-time employees of the Group were female.

JoMeh released
27
videos in 2022

Promote zero-harm and healthy workplaces

Health and Safety Policy

The health, safety and well-being of employees are core values of the Group. The Group is committed to offering a safe and secure environment for its employees, customers and other stakeholders when they are at Group facilities and premises. The Group is committed to complying with all applicable laws and regulations in the relevant jurisdictions and meeting industry specific standards or best practices as well as adopting local or international health and safety guidelines to maintain a safe working environment and prevent injuries and ill health.

Zero-harm

In 2022, the Group was awarded ISO 45001:2018 occupational health and safety management systems certification for designated locations by Bureau Veritas Certification Hong Kong Limited. The certification exemplifies the Group's commitment to providing its employees with safe and healthy workplaces. A comprehensive group policy is in place to provide safe and healthy working environments, eliminate potential workplace hazards, and prevent work-related injuries and ill health, through staff consultation and participation. An occupational health and safety committee has also been set up to communicate potential safety issues to the top management, thereby establishing protective control measures and a comprehensive accident investigation mechanism.

Employees are also given opportunities to take part in health and safety management programmes and related trainings, according to the nature of their jobs and the safety standards applicable to their work. Refresher courses on relevant safety guidelines are provided periodically. Employees can also access the latest health and safety information on the Company's intranet.

Well-being

The Group offers employees a robust welfare programme covering a range of areas related to well-being, including work-life balance, physical health, fitness and sports, balanced and nutritious diets, and mental health. The aim is to arouse the awareness of staying healthy and developing an interest in doing different forms of exercises.

The Group provides employees with flexible paid leave, including maternity and paternity leave complying with or above statutory requirements. It also supports a 24-hour worldwide emergency hotline and medical insurance and retirement schemes as part of its extensive employee fringe benefits.

The Group has also introduced a series of health awareness sessions to its employees. A breast cancer awareness talk with a follow-up breast cancer risk assessment and examination was conducted in 2022. Employees were keen on this programme and look forward to more on different topics in the future.

• Staff members participate in VeggieLab, an organic farming project, on the roof garden of the Group's headquarters.

7 Help to Build Thriving and Resilient Communities

Deliver business growth that benefits the communities in which the Group operates

5G technology, with its ultra-fast speed and ultra-low latency, is able to handle an exponential increase in connected devices and data-intensive applications compared to previous generations. It can integrate a wide array of IoT applications, fuelling the digital economy and paving the way to achieving smart city status. The Group supports and leveraged the Subsidy Scheme for Encouraging Early Deployment of 5G being ran by the Office of the Communications Authority, which subsidised costs related to the deployment of 5G technology in approved projects. By assisting customers with their applications to the scheme, the **3** Hong Kong enterprise solutions team is supporting the community's transition to a smart city powered by the ultra-high speed and ultra-low latency of the 5G network.

• Students experienced diversified smart solutions in the Group's solution hub – DIGI3ox.

Many businesses are embracing the 5G network to digitalise their workflows and introduce complex real-time data sharing. This has helped them maintain business continuity during the COVID-19 pandemic, while also introducing a new way of working which has streamlined workflows and improved efficiency. 5G technologies also enable the deployment of remote applications. These are proving important in the construction sector where, for instance, robots are being deployed to protect workers against potential hazards. The Group has also launched 3Education to deliver 5G solutions for the educational sector. One example is the deployment of special robots as caregivers at special schools. These robots, equipped with a 5G connection, are programmed to assist students with their special educational needs, including monitoring their health status and reminding them to stay away from dangerous areas. Another one of **3** Hong Kong's successful 5G use cases provided by the 3Education team was a smart campus solution designed to inspire students, featuring the integration of a 5G broadband service with a virtual reality platform.

Invest in programmes for meaningful impact and foster long-term relationships

Opening the Door for Future Talent in the Making

In recent years, science, technology, engineering and mathematics ("STEM") has increasingly become a focus of global education upon robust development of information technology. The Group collaborated with the Ampower Talent Institute and the "IT Innovation Lab in Secondary Schools Programme" to organise two innovation and technology career experience days, to inspire and foster relations with more young people interested in STEM education.

Ampower Talent Institute is a non-profit and non-governmental organisation that fosters the advancement of education to empower the youth to become the best versions of themselves and be able to identify and work towards their career and life goals. During the two experience days, around 50 secondary students visited Hutchison Telecom Tower and Hongkong International Terminals to learn more about the modernisation of technology and the development trend of Hong Kong's network as well as experience diversified smart solutions in the Group's solution hub – DIGI3ox. Management trainees shared their experiences and encouraged the students to think about their career in this area in the future.

Community Support

The Group seeks to maintain long-term partnerships with local communities and charities through mutually beneficial programmes and encourages its employees to participate in volunteering activities. In line with sound corporate governance practice, donations and contributions are subject to internal compliance guidelines and controls to protect stakeholders' interests. During the year, charitable donations benefitting community projects in Hong Kong and Macau amounted to approximately HK$3.8 million through broad and diverse outreach initiatives encompassing education, youth engagement and elderly support among others.

The Group has been granted "Caring Company" status for many consecutive years by the Hong Kong Council of Social Service, in recognition of its achievements in social responsibility. The Group remains committed to its mission of building a sustainable community.

The following table summarises the contribution to communities by different areas.

Focus Area	Activity
Cultural	• Supported international and local art tech exhibitions by acting as the 5G Technology Provider, offering reliable 5G service and applications. The events included the local art outdoor exhibition ARTAVERSE, Art Basel Hong Kong and the Grand Finale of JUMPSTARTER 2022 Global Pitch Competition • Promoted cultural events such as supporting telecoms services to the Hong Kong Chinese Orchestra
Digital inclusion	• Supported the Victim-for-Victim Project organised by the Tung Wah Group of Hospitals by providing 12-month free mobile service to project members. Workshops were also provided to help members learn the practical skills of using smartphones and mobile applications • Offered a wide range of services including Lo-Yau-Kee Monthly Service Plans Sponsorship, "Safety Phones" and data service sponsorship to the elderly to cater different needs
Cyber security	• Collaborated with the Hong Kong Police Force to distribute Short Message Service ("SMS") alerts to **3** Hong Kong's customers on phone scams, reminding them to be vigilant against unknown calls
Environmental	• Supported initiatives on climate change and nature conservation projects, including WWF-Hong Kong's Earth Hour, Flag Day, Tiger Conversion Habitats and Walk for Nature • Launched another VeggieLab, the organic farming project, on the roof garden of the Group's headquarters
Health-related including pandemic relief	• Collaborated with the Office of the Government Chief Information Officer to provide SoSIMs to staff members and people in need at the community isolation facilities to stay connected • Provision of free publicity for a one-stop COVID-19 support hotline of The Hong Kong Red Cross, health-related information of the Hong Kong Haemophilia Society and anti-drug messages of the Narcotics Division of the Security Bureau via SMS and Multimedia Messaging Service
Innovation	• Supported and sponsored the JUMPSTARTER Global Pitch Competition, the world's largest online start-up contest, organised by the Alibaba Entrepreneurs Fund for four years • Gift sponsorship in the start-up pitching competition of KPMG's Connected Cities Virtual Conference
Underprivileged	• Participated in The Community Chest of Hong Kong – Skip Lunch Day 2022 to raise funds for supporting services for street sleepers, residents in cage homes and cubicles • Supported Lok-lok & Yiu-yiu Sponsorship Scheme and raised funds for children of SKH St Christopher's Home

8 Protect Employees and Support Communities and Other Stakeholders through the Pandemic

Keep employees safe by providing them with the tools and support to successfully work from home

The Group has worked tirelessly to make the workplace as safe as possible amid the COVID-19 pandemic. To prevent and mitigate the transmission of COVID-19 in the workplace, procedures including temperature checks at entrances, enhanced disinfection and cleaning of workplaces and stores were in place to safeguard the Group's employees.

The Crisis Management Team, together with the Human Resources Department, closely monitored the changing situation of the pandemic. The Group has maintained a transparent line of communications to the staff members and kept them thoroughly informed through the internal channels regarding work arrangements and COVID-19 information. Furthermore, employees were provided with masks and rapid antigen test kits. Flexible work arrangements have also been implemented to safeguard the health of employees, customers and stakeholders.

As part of the multi-year digitalisation project, the Group has adopted cloud solutions to enhance business operational continuity and efficiency. Face-to-face meetings were minimised while digital alternatives were introduced, safeguarding the well-being of employees without compromising operational needs.

Protect the health and well-being of customers

During these challenging pandemic times, the Group has remained committed to maintaining its outstanding service level while at the same time reaching out to support those adversely affected in the communities. To reduce the disruptions to the everyday life of the communities as a result of social distancing, the Group accelerated the expansion of its prepaid tariff plan, SoSIM, and its 5G Broadband service to enable its customers to work and learn anytime and anywhere. SoSIM customers can simply plug-and-play to enjoy a hassle-free local data usage experience and can easily top up through the SoSIM mobile application or at more than 400 PARKnSHOP, Watson and FORTRESS stores. 5G Broadband customers can enjoy ultra-fast and low-latency 5G network coverage to areas without fixed-line fibre connections, offering flexibility and speed crucial for file sharing and video-conferencing anywhere at all times.

Maintain focus on supporting health care services and the needs of the vulnerable

To support society during the pandemic, the Group aided in the construction of the shared network facilities at the community isolation and treatment establishments in the Lok Ma Chau Loop and in Kai Tak (Kai Tak Former Runway Area). The Group acted as the lead telecommunications provider to build a shared mobile network facility for the two quarantine centres, in order to ensure medical staff, work teams and the public under quarantine, in the two establishments, could enjoy mobile communications services to handle their daily work and entertainment needs. Besides network connectivity, the Group also prepared various 5G solutions such as operational robotics and video analytics, all of which helped to improve the operational efficiency of the isolation efforts.

• The Group supports the construction of the shared network facilities at some community isolation and treatment establishments in Hong Kong.

Prioritise health and wellness over profit whenever and wherever the Group's employees or communities are at risk

Further supporting the public during the quarantine period, the Group offered customers undergoing quarantine with more data allowance to provide connectivity during their time in isolation.

Sustainable Business Model and Innovation

9 Offer Customers Sustainable Products and Invest in and Embrace Innovation to Achieve Impacts

Invest in innovations that will have a transformational impact on sustainability and will ensure the Group's businesses being 'future-fit'

Shortly after the Group rolled out its 5G network services in 2020, the Group extended its network coverage to include major highways, large shopping malls, commercial buildings, hospitals, universities and hotels. In 2022, the Group extended its 5G coverage further to cover the East Rail Line Cross-Harbour Extension of the MTR, keeping customers travelling on the MTR connected. The Group also activated its commercial 5G network on the 700 MHz spectrum band. This led to increased network efficiency, deeper indoor penetration within buildings, wider coverage in rural areas and faster 5G services.

The ultra-fast speed and ultra-low latency of 5G network, together with its greater bandwidth, enables highly efficient data transmission which allows for complex data modelling and visualisation applications. Opportunities are thus arising for businesses to explore innovative new ideas, and to reinvent their applications and even their business models.

The government published its Smart City Blueprint for Hong Kong in 2017, outlining smart city initiatives in six key areas: Smart Mobility, Smart Living, Smart Environment, Smart People, Smart Government and Smart Economy. Mobile network and IoT connections facilitate ecosystems of services and smart applications and are thus an integral part of the smart city transition. **3** Hong Kong has launched DIGI3ox, a solution hub, to exhibit state-of-the-art 5G solutions combined with AI, cloud, big data and edge computing, showcasing use cases of 5G technologies that have the potential to contribute to smart city development.

For a long time, robots have supported mechanical and repetitive automated procedures. Introducing 5G technology can overcome the technical limitations of speed, latency and bandwidth associated with older technologies, opening doors to applications with a high level of autonomy for managing complex operations and remote-controlled applications. The high-bandwidth of 5G technology allows video-streaming, remote updates and maintenance while its low latency supports applications such as teleoperation and telepresence.

5G Broadband leverages the 5G network to deliver ultra-fast and low-latency connectivity to household customers and businesses. Providing indoor high-speed internet well beyond the limits of traditional broadband services, it is catering for rising connectivity and data usage needs.

• The Group's solution hub, DIGI3ox, exhibits state-of-the-art 5G solutions and use cases.

Adapt products and services to be more sustainable, while always ensuring the highest levels of their quality and safety

3 Hong Kong has adopted the Code of Practice for Telecommunications Service Contracts prepared by the telecommunications industry under the auspices of Communications Association of Hong Kong since 2015 to enhance its service quality. Customer engagement is crucial to understanding customer expectations and building brand loyalty. The Group engages with its customers through communication channels such as its customer service centres, social networking platforms, service hotlines, live webchat, online enquiries, including emails, websites and mobile applications.

The Group's website at three.com.hk, three.com.mo and the My3 application connect the Group to customers and help building long-lasting relationships with customers wherever they are. They give access to information about the Group's latest promotions and offers, and allow customers to manage their data and call time usage, top up, pay their bills, manage roaming services, purchase handsets and accessories, and access the online iChat customer interface.

The Group welcomes customer feedback, which is used to improve customer experience and drive positive changes. The Group has established guidelines that ensure consistency in handling customer enquiries and complaints, and customer service representatives are trained to address customer concerns professionally. All complaints are acknowledged, investigated and duly followed up, and periodic reviews and analyses of complaints are conducted for continuous improvement. Details of the Group's service performance targets and the actual performance of the Group in areas such as service hotline performance and complaints handling are available at three.com.hk.

Market research and mystery shopper programmes conducted by third parties regularly provide insights into customer feedback on the Group's services to facilitate areas of improvement. These programmes have proven to be effective as in 2022 the frontline sales team received positive feedback and more than 300 commendations from customers, complimenting the Group's services. In addition, 3toTalk, a new online-to-offline one-stop digital sales service for potential customers, has been launched to provide quicker responses and actions.

• The Group welcomes customer feedback, which is used to improve customer experience.

• **3** Hong Kong provides a diversified service offering to its customers through online and offline channels.

Communicate the sustainability benefits of products and services to customers with transparency and authenticity

The Group is a proponent of sound environmental performance, social well-being and sustainable practices. The Group published its first annual Environmental, Social and Governance Report (now known as the Sustainability Report) in 2011 to communicate the Group's commitment and efforts in sustainability development to earn trust and recognition amongst its stakeholders. Over the years, the Group has increased its use of social media in sustainability communication, reflecting evolving societal expectations, and a growing trend for transparency and authenticity.

For more on sustainability communication channels, please refer to the section on Stakeholder Engagement.

Partner with suppliers that share the Group's sustainability priorities and uphold high levels of environmental and ethical conduct

The Group engages a broad range of business partners and suppliers in its operations. In 2022, the Group conducted business with over 700 suppliers including landlords and roaming partners, of which approximately 46% were based in Hong Kong. The Group is committed to maintaining the integrity of its supply chains by managing associated complex legal, social, ethical and environmental risks.

Through regular dialogues and cooperation, the Group extends its high level of business ethics and integrity standards to its business partners and suppliers. The Supplier Code of Conduct sets out the standards expected of its business partners and suppliers and these standards are also addressed in the Human Rights Policy and Modern Slavery and Human Trafficking Statement of the Group. Group policies including but not limited to the Purchasing Policy, Business Partner Evaluation Policy and AFAB Policy, in conjunction with various controls and procedures, provide direction and guidelines on evaluating and engaging with business partners and suppliers. The procurement teams of the Group are trained to apply these policies and procedures with due care and diligence when engaging with business partners and suppliers. Business partners meeting the Group's threshold are required to acknowledge compliance with the Supplier Code of Conduct in the course of their business activities with the Group. Regular assessments and thorough evaluations are also conducted on selected business partners and suppliers of the Group.

The Group also encourages business partners and suppliers to consider the risks posed to their operations by climate change and be proactive in mitigating the environmental impact of their activities. Furthermore, the Group invites business partners and suppliers to emulate the standards, practices and principles contained in the Environmental Policy of the Group, such as minimising the consumption of energy and carbon footprints, promoting the use of environmentally-friendly products and technology, and the recycling of waste.

A collaboration with CASETiFY to upcycle used phone cases took place during the year, demonstrating the Group's support in recycling plastics. Boxes are placed at high-traffic stores of the Group to collect used phone cases for either proper processing for environmentally friendly disposal or rebuilding into brand new cases.

OFF-LINE is a USB cable recycling project initiated by students of the Master of Science in Environmental Management programme at the University of Hong Kong. The students collected around 500 USB cables from 3Shops. Each customer who returned a USB cable to a 3Shop received a discount voucher for future purchase.

- Recycling boxes are placed at high-traffic stores of the Group to collect used phone cases.

Environmental KPIs

	Unit	2020	2021	2022
GHG emissions [1]				
Total GHG emissions	tonne CO_2e	94,435	101,577	106,049
Scope 1 GHG emissions	tonne CO_2e	2,373	2,294	1,797
Scope 2 GHG emissions	tonne CO_2e	92,062	99,283	104,252
Total GHG emission intensity	tonne CO_2e/revenue HK$'000	0.021	0.019	0.022
Scope 1 GHG emission intensity	tonne CO_2e/revenue HK$'000	0.000	0.000	0.000
Scope 2 GHG emission intensity	tonne CO_2e/revenue HK$'000	0.020	0.018	0.021
Use of energy [1]				
Total energy consumption	'000 kWh	124,819	149,304	163,135
Direct energy consumption	'000 kWh	125	177	165
Diesel/Gasoline/Petrol	'000 kWh	125	177	165
Natural gas	'000 kWh	-	-	-
Towngas	'000 kWh	-	-	-
Other gas fuels (exclude natural gas and towngas)	'000 kWh	-	-	-
Other fuels	'000 kWh	-	-	-
Indirect energy consumption	'000 kWh	124,694	149,127	162,970
Electricity	'000 kWh	124,694	149,127	162,970
Total energy consumption intensity	kWh/revenue HK$'000	27.46	27.73	33.41
Direct energy consumption intensity	kWh/revenue HK$'000	0.03	0.03	0.03
Indirect energy consumption intensity	kWh/revenue HK$'000	27.43	27.70	33.38
Air emissions [1][2]				
NOx emissions	tonne	0.03	0.02	0.03
SOx emissions	tonne	0.00	0.00	0.00
Particulate matter emissions	tonne	0.00	0.00	0.00
Waste production				
Total hazardous waste produced [3]	tonne	75	65	34
Total hazardous waste produced intensity	kg/revenue HK$'000	0.02	0.01	0.01
Total non-hazardous waste produced [4]	tonne	49	51	42
Total non-hazardous waste produced intensity	kg/revenue HK$'000	0.01	0.01	0.01
Use of water				
Water consumption [5]	m^3	2,960	3,144	3,780
Water consumption intensity	m^3/revenue HK$'000	0.001	0.001	0.001

Environmental KPIs (Continued)

	Unit	2020	2021	2022
Packaging material [6]				
Total packaging material used for finished products	tonne	10.14	18.00	6.24
Plastic	tonne	9.42	17.22	5.68
Paper	tonne	0.72	0.78	0.44
Metal	tonne	-	-	0.12
Glass	tonne	-	-	-
Other packaging material	tonne	-	-	-
Packaging material intensity	tonne /product '000	0.004	0.007	0.004

Notes:

(1) The calculation of emissions and energy consumption has adopted emission factors published by International Energy Agency for the year ended 31 December 2022.

(2) The Group has restated its air emissions for 2020 and 2021 as a result of change in reporting unit, methodology and emission factors.

(3) The reduction in the total hazardous waste produced from 65 tonnes in 2021 to 34 tonnes in 2022 was driven by battery replacement projects relating to network facilities in 2021.

(4) The reduction in non-hazardous waste in 2022 was mainly driven by the fifth wave of the COVID-19 pandemic in the first half of 2022, leading to work-from-home arrangement and the reduction in waste disposal in the office as well as reduced customer traffic at stores.

(5) The increase in water usage of the Group was mainly due to increase in water used for cooling as a result of a relatively hot summer in 2022 and a new retail store in Hong Kong opened during the year.

(6) The Group disclosed its packaging material relating to SIM cards under the total packaging material used for finished products to better reflect the environmental impacts of the Group from 2022 onwards and has also restated the corresponding figures for 2020 and 2021.

Social KPIs

		2020	2021	2022
Number of employees [7]				
Total		990	1,045	1,155
By employment type	Full-time	916	972	1,066
	Part-time	74	73	89
Number of full-time employees [7]				
By gender	Male	521	560	645
	Female	395	412	421
By employee category	Manager grade or above	103	109	105
	General staff	813	863	961
By age group	Under 30	142	149	160
	30-49	622	642	678
	50 or above	152	181	228
By geographical region	Hong Kong	816	872	966
	Mainland China	100	100	100
	Europe	-	-	-
	Canada	-	-	-
	Asia, Australia & Others	-	-	-

Social KPIs (Continued)

		2020	2021	2022
Turnover rate for full-time employees (7)				
Overall		18%	38%	42%
By gender	Male	19%	45%	43%
	Female	17%	29%	42%
By age group	Under 30	34%	63%	76%
	30-49	14%	40%	41%
	50 or above	22%	13%	23%
By geographical region	Hong Kong	18%	42%	45%
	Mainland China	20%	10%	14%
	Europe	-	-	-
	Canada	-	-	-
	Asia, Australia & Others	-	-	-
Work-related fatalities				
Number of work-related fatalities		-	-	-
By employee type	Full-time employees	-	-	-
	Contractors	-	-	-
Rate of work-related fatalities (full-time employees)		-	-	-
Lost days due to work injury				
Number of lost days due to work injury (8) (employees)		59	222	182
Number of lost time injury incidents (employees)		2	3	3
Percentage of full-time employees who received training				
Overall		95%	100%	100%
Percentage of full-time employees who received training among total trained full-time employees (7)				
By gender	Male	58%	60%	60%
	Female	42%	40%	40%
By employee category	Manager grade or above	11%	9%	8%
	General staff	89%	91%	92%
Average hours of training completed by full-time employees (7)				
Overall		24 hours	21 hours	21 hours
By gender	Male	19 hours	17 hours	21 hours
	Female	30 hours	27 hours	20 hours
By employee category	Manager grade or above	3 hours	6 hours	6 hours
	General staff	26 hours	22 hours	22 hours

Social KPIs (Continued)

		2020	2021	2022
Number of suppliers [9]				
Total		383	736	716
By geographical region	Hong Kong	313	382	332
	Mainland China	45	333	362
	Europe	5	6	8
	Canada	1	-	-
	Asia, Australia & Others	19	15	14
Percentage of total products sold or shipped subject to recalls for safety and health reasons				
Percentage of total products sold or shipped subject to recalls for safety and health reasons		-	-	-
Number of complaints received				
Products related		N/A	N/A	N/A
Services related		11,357	9,455	10,544
Number of concluded legal cases regarding corrupt practices				
Brought against the Group		-	-	-
Brought against employees		-	-	-
Full-time and part-time employees who received training on anti-corruption/ethics and integrity				
Total		144	878	1,070
By employment type	Full-time	144	855	1,002
	Part-time	-	23	68
Percentage of full-time and part-time employees who received training on anti-corruption/ethics and integrity		14%	84%	93%
Number of training hours on anti-corruption/ethics and integrity completed by full-time and part-time employees				
Total		144	293	357
By employment type	Full-time	144	285	334
	Part-time	-	8	23

Notes:

(7) The Group has restated its social KPIs for 2020 and 2021 as a result of change in calculation methodology and reporting basis.

(8) Work-related injuries in 2022 amounting to 182 lost days included a traffic accident in 2021 which required a relatively longer recovery time.

(9) The number of suppliers relating to the Macau operation was included in 2021 and onwards.

HKEx ESG Guide Content Index

The ESG Guide Content Index set out below contains information about the extent to which the Group has applied the HKEx ESG Guide and cross-references the Group policies and initiatives outlined in this report.

Environmental

Aspect A1: Emissions		Section	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG, discharges into water and land, and generation of hazardous and non-hazardous waste.	Group-wide goal 4	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning air and GHG, discharges into water and land, and generation of hazardous and non- hazardous waste during the year.
KPI A1.1	The types of emissions and respective emissions data.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG (in tonnes) and, where appropriate, intensity.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Group-wide goal 3 and Group-wide goal 4	The Group has complied with the mandatory disclosure requirement.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Group-wide goal 4	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to reducing the generation of hazardous and non-hazardous wastes as a result of the operations.
Aspect A2: Use of Resources		**Section**	**Remarks**
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Group-wide goal 4	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A2.2	Water consumption in total and intensity.	Environmental KPIs	The Group has complied with the mandatory disclosure requirement.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Group-wide goal 3	The Group has complied with the mandatory disclosure requirement.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Group-wide goal 3	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to protecting the environment and supporting sustainable development by managing its environmental footprint.

Environmental (Continued)

Aspect A2: Use of Resources		Section	Remarks
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental KPIs	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to promoting a circular economy.
Aspect A3: The Environment and Natural Resources		**Section**	**Remarks**
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Group-wide goal 4	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Group-wide goal 3 and Group-wide goal 4	The Group has complied with the mandatory disclosure requirement.
Aspect A4: Climate Change		**Section**	**Remarks**
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Group-wide goal 3	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Group-wide goal 3	The Group has complied with the mandatory disclosure requirement.

Social

Employment and Labour Practices

Aspect B1: Employment		Section	Remarks
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.	Group-wide goal 1 and Group-wide goal 6	• Code of Ethics The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the year.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social KPIs	The Group has complied with the mandatory disclosure requirement.

Social (Continued)			
Employment and Labour Practices (Continued)			
Aspect B2: Health and Safety		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Group-wide goal 6	• Health and Safety Policy The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning providing a safe working environment and protecting employees from occupational hazards during the year.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social KPIs	No such case recorded in each of the past three years including the reporting year.
KPI B2.2	Lost days due to work injury.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Group-wide goal 6	• Health and Safety Policy
Aspect B3: Development and Training		**Section**	**Remarks**
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Group-wide goal 6	The Group has complied with the mandatory disclosure requirement.
KPI B3.1	The percentage of employees trained by gender and employee category.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
Aspect B4: Labour Standards		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Group-wide goal 1, Group-wide goal 2 and Group-wide goal 6	• Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct • Code of Ethics The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning preventing child and forced labour during the year.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Group-wide goal 6	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Group-wide goal 6	

Social (Continued)

Operating Practices

Aspect B5: Supply Chain Management		Section	Remarks
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Group-wide goal 9	• Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct
KPI B5.1	Number of suppliers by geographical region.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Group-wide goal 9	• Purchasing Policy • Business Partner Evaluation Policy • Policy on Appointment of Third Party Representatives
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Group-wide goal 9	The Group has complied with the mandatory disclosure requirement.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Group-wide goal 9	The Group has complied with the mandatory disclosure requirement.
Aspect B6: Product Responsibility		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Group-wide goal 2 and Group-wide goal 9	• Code of Ethics • Policy on Personal Data Governance The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the year.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social KPIs	The Group has complied with the mandatory disclosure requirement.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Social KPIs and Group-wide goal 9	The Group has complied with the mandatory disclosure requirement.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	-	• Code of Ethics The Group is primarily engaged in provision of mobile telecommunications and other related services.
KPI B6.4	Description of quality assurance process and recall procedures.	-	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to delivering the highest possible levels of service quality and customer satisfaction.

Social (Continued)			
Operating Practices (Continued)			
Aspect B6: Product Responsibility		**Section**	**Remarks**
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Group-wide goal 2	• Information Security Policy • Policy on Personal Data Governance
Aspect B7: Anti-corruption		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Group-wide goal 1 and Group-wide goal 2	• Code of Ethics • Anti-Fraud and Anti-Bribery Policy • Policy on Appointment of Third Party Representatives The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social KPIs	No such cases recorded during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Group-wide goal 2	• Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Group-wide goal 2	The Group has complied with the mandatory disclosure requirement.
Community			
Aspect B8: Community Investment		**Section**	**Remarks**
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Group-wide goal 6, Group-wide goal 7 and Group-wide goal 8	• Sustainability Policy
KPI B8.1	Focus areas of contribution.	Group-wide goal 7	The Group has complied with the mandatory disclosure requirement.
KPI B8.2	Resources contributed to the focus area.	Group-wide goal 7	The Group has complied with the mandatory disclosure requirement.

Independent Auditor's Report

To the Shareholders of Hutchison Telecommunications Hong Kong Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 122 to 179, comprise:

- the consolidated and Company statements of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, and of its consolidated loss and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill; and
- Revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill *Refer to note 14 to the consolidated financial statements* As at 31 December 2022, the Group had goodwill amounted to HK$2,155 million. Goodwill is subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the future cash flows of the Group's telecommunications businesses and to determine the key assumptions, including the growth rates used in the cash flow projections and the discount rate applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted, the Group determined that there is sufficient headroom and therefore there is no impairment of goodwill. This conclusion is based on the recoverable amounts exceeding the book amounts of the cash generating units including goodwill and telecommunications related assets. The significant assumptions are disclosed in note 14 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the business and industry and with the involvement of our valuation specialists; • Testing source data to supporting evidence, such as approved budgets and available market data, on a sample basis, and considering the reasonableness of these budgets; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rate as these are the key assumptions to which the calculation are most sensitive to. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *Refer to note 5 to the consolidated financial statements* The Group recognised revenue of HK$4,882 million from the provision of mobile telecommunications and other related services and from telecommunications hardware and other products sales during the year ended 31 December 2022. Significant effort was spent in auditing the revenue recognised by the Group because of the large volume of transactions, the complexity of the systems and the frequent changes in tariff structure.	The procedures performed in addressing the risk around the accuracy of revenue recognised included: • Testing the IT environment in which billing and other relevant support systems reside; • Obtaining an understanding and evaluating the internal controls, and testing the key controls over revenue recognition; and • Testing a sample of revenue transactions recorded to the respective customer contracts, underlying invoices and cash receipts. We found the revenue recorded to be supportable by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Nga Sze.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 February 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Revenue	5	**4,882**	5,385
Cost of inventories sold		**(1,571)**	(2,082)
Staff costs	7	**(336)**	(301)
Expensed customer acquisition and retention costs		**(42)**	(60)
Depreciation and amortisation		**(1,456)**	(1,300)
Other operating expenses	8	**(1,571)**	(1,522)
		(94)	120
Interest and other finance income	9	**66**	24
Interest and other finance costs	9	**(77)**	(54)
Share of result of a joint venture	21	**(4)**	(4)
(Loss)/profit before taxation		**(109)**	86
Taxation	10	**(49)**	(82)
(Loss)/profit for the year		**(158)**	4
(Loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
– basic and diluted	11	**(3.28)**	0.08

Details of interim dividend paid and proposed final dividend payable to shareholders of the Company are set out in Note 12. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 HK$ million	2021 HK$ million
(Loss)/profit for the year	**(158)**	4
Other comprehensive (loss)/income		
Item that will not be reclassified subsequently to income statement in subsequent periods:		
Remeasurements of defined benefit plans	**(27)**	79
Total comprehensive (loss)/income for the year attributable to shareholders of the Company, net of tax	**(185)**	83

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

Consolidated Statement of Financial Position

At 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Non-current assets			
Property, plant and equipment	13	**3,007**	3,001
Goodwill	14	**2,155**	2,155
Telecommunications licences	15	**3,663**	3,900
Right-of-use assets	16	**491**	467
Customer acquisition and retention costs	17	**189**	165
Contract assets	18	**152**	159
Other non-current assets	19	**361**	403
Deferred tax assets	20	**4**	4
Investment in a joint venture	21	**157**	215
Total non-current assets		**10,179**	10,469
Current assets			
Cash and cash equivalents	22	**3,087**	1,414
Short-term bank deposits with original maturity beyond 3 months	22	**613**	2,561
Trade receivables and other current assets	23	**784**	729
Contract assets	18	**193**	177
Inventories	24	**100**	96
Total current assets		**4,777**	4,977
Current liabilities			
Trade and other payables	25	**1,649**	1,693
Contract liabilities	26	**162**	163
Lease liabilities	27	**305**	289
Current income tax liabilities		**1**	-
Total current liabilities		**2,117**	2,145
Non-current liabilities			
Lease liabilities	27	**151**	128
Deferred tax liabilities	20	**48**	-
Other non-current liabilities	28	**2,371**	2,358
Total non-current liabilities		**2,570**	2,486
Net assets		**10,269**	10,815
Capital and reserves			
Share capital	29	**1,205**	1,205
Reserves	30	**9,064**	9,610
Total equity		**10,269**	10,815

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

LUI Dennis Pok Man
Director

KOO Sing Fai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves HK$ million	Total HK$ million
At 1 January 2022	1,205	11,185	(1,552)	1	265	(289)	10,815
Loss for the year	-	-	(158)	-	-	-	(158)
Other comprehensive loss							
Remeasurements of defined benefit plans	-	-	-	-	(27)	-	(27)
Total comprehensive loss, net of tax	-	-	(158)	-	(27)	-	(185)
Dividend paid	-	-	(361)	-	-	-	(361)
At 31 December 2022	1,205	11,185	(2,071)	1	238	(289)	10,269
At 1 January 2021	1,205	11,185	(241)	1	186	(289)	12,047
Profit for the year	-	-	4	-	-	-	4
Other comprehensive income							
Remeasurements of defined benefit plans	-	-	-	-	79	-	79
Total comprehensive income, net of tax	-	-	4	-	79	-	83
Dividend paid	-	-	(1,315)	-	-	-	(1,315)
At 31 December 2021	1,205	11,185	(1,552)	1	265	(289)	10,815

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 HK$ million	2021 HK$ million
Cash flows from operating activities			
Cash generated from operations	31	1,148	3,398
Interest and other finance costs paid		(19)	(22)
Net cash from operating activities		1,129	3,376
Cash flows from investing activities			
Purchases of property, plant and equipment		(496)	(874)
Additions to telecommunications licences	15	(138)	(2,040)
Decrease/(increase) in short-term bank deposits with original maturity beyond 3 months		1,948	(2,561)
Interest received		39	16
Loan to a joint venture		(46)	(41)
Net cash from/(used in) investing activities		1,307	(5,500)
Cash flows from financing activities			
Principal elements of lease payments	27	(402)	(398)
Dividends paid		(361)	(1,315)
Net cash used in financing activities		(763)	(1,713)
Increase/(decrease) in cash and cash equivalents		1,673	(3,837)
Cash and cash equivalents at 1 January		1,414	5,251
Cash and cash equivalents at 31 December	22	3,087	1,414

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

Notes to the Consolidated Financial Statements

1 General Information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. Its registered office address is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company and its subsidiaries (together the "Group") are engaged in mobile telecommunications business in Hong Kong and Macau.

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

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements set out on pages 122 to 179 were approved for issuance by the Board of Directors on 28 February 2023.

2 Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared under the historical cost convention, except that defined benefit plans plan assets are measured at fair values, and on a going concern basis. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Significant Accounting Policies (Continued)

(b) Amendments to existing standards adopted by the Group

During the year, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2022:

Annual Improvement Projects	Annual Improvements 2018 – 2020 Cycle
IAS 16 (Amendments)	Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework

The adoption of these amendments to existing standards does not have a material impact to the Group's results of operations or financial position.

(c) New standard and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standard and amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2022:

IAS 1 (Amendments) (ii)	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) (ii)	Non-current Liabilities with Covenants
IAS 1 and IFRS Practice Statement 2 (Amendments) (i)	Disclosure of Accounting Policies
IAS 8 (Amendments) (i)	Definition of Accounting Estimates
IAS 12 (Amendments) (i)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 4 (Amendments) (i)	Expiry Date of the Deferral Approach
IFRS 10 and IAS 28 (Amendments) (iii)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) (ii)	Lease Liability in a Sale and Leaseback
IFRS 17 (i)	Insurance Contracts

(i) Effective for annual periods beginning on or after 1 January 2023
(ii) Effective for annual periods beginning on or after 1 January 2024
(iii) The original effective date of 1 January 2016 has been postponed until future announcement by the IASB

The Group is in the process of making an assessment of the impact of these new standard and amendments to existing standards upon initial application.

2 Significant Accounting Policies (Continued)

(d) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the fair value of the net identifiable assets acquired and liabilities assumed (Note 2(i)). If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Company's financial statements

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 Significant Accounting Policies (Continued)

(e) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

When the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 Significant Accounting Policies (Continued)

(g) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income (cumulative translation adjustments).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property, plant and equipment are depreciated on a straight-line basis to write off their costs over their estimated useful lives.

Buildings	50 years or over the unexpired period of the lease, whichever is the shorter
Telecommunications infrastructure and network equipment	2 – 15 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	4 – 10 years
Leasehold improvements	Over the unexpired period of the lease or at annual rate of 15%, whichever is the shorter

Subsequent costs on property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 Significant Accounting Policies (Continued)

(h) Property, plant and equipment (Continued)

Construction in progress is stated at cost and no depreciation is provided on construction in progress until such time when the relevant assets are completed and available for intended use.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating expenses" in the consolidated income statement.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as a separate asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing.

(j) Telecommunications licences

Telecommunications licences represent the upfront payments made for acquiring telecommunications spectrum licences plus the capitalised present value of fixed periodic payments to be made in subsequent years, together with the interest accrued prior to the date the related spectrum is ready for its intended use. Telecommunications licences with a finite useful life are carried at cost less accumulated amortisation and are tested for impairment when there is any indication that they may be impaired. Amortisation is calculated using the straight-line basis to allocate the cost of the telecommunications licences over their estimated useful lives from the date they are available for use. The telecommunications licences' useful lives are reviewed annually.

(k) Customer acquisition and retention costs eligible for capitalisation

The incremental costs of obtaining telecommunications service contracts are those costs that would not have been incurred if the contract had not been obtained, mainly representing commission expenses to internal sales personnel and external agents. These incremental costs are required to be capitalised as an asset when incurred, and amortised on a straight-line basis in the consolidated income statement over the enforceable contractual period.

Acquisition costs related to contracts with durations less than one year are expensed as incurred.

2 Significant Accounting Policies (Continued)

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment and when there is any indication that they may be impaired. Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Financial assets

The Group classifies all of its financial assets as debt instruments measured at amortised cost including trade receivables, other receivables, deposits, cash and bank balances and loan to a joint venture. The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(i) Debt instruments measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(ii) Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (Note 3(a)(iii)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 Significant Accounting Policies (Continued)

(o) Inventories

Inventories consist of handsets and phone accessories and are valued using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less the estimated costs necessary to make the sale.

(p) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables are measured at fair value at initial recognition. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (Note 2(m)).

(q) Contract assets

Contract assets relating to bundled transactions are recognised when the Group has provided the service or delivered the product to the customer before the customer pays consideration or before payment is due.

(r) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group provides a service or delivers a product to the customer.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Significant Accounting Policies (Continued)

(u) Taxation and deferred taxation

Taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is disclosed in the notes to the consolidated financial statements unless the possibility of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2 Significant Accounting Policies (Continued)

(x) Employee benefits

(i) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(a) Defined benefit plans

Pension costs for defined benefit plans are assessed using the project unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefits plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return of plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the consolidated income statement within staff costs.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the consolidated income statement in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably committed itself to terminating employment or to providing benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 Significant Accounting Policies (Continued)

(y) Revenue recognition

The Group recognises revenue on the following bases:

(i) Sales of services

The Group provides mobile telecommunications and other related services to customers. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customer. Monthly service revenue is generally billed in advance, which results in a contract liability (Note 2(s)).

For service plan based on usage, when monthly usage exceeds the entitlement, the overage usage represents options held by the customer for incremental services and the usage-based fee is recognised when the customer exercises the option. Revenue from other telecommunications services is recognised when the services are rendered.

Customers are invoiced on a monthly basis and consideration is payable when invoiced. The credit periods granted by the Group to customers generally range from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms.

(ii) Sales of products

The Group sells telecommunications hardware and other products to customers. Revenue is recognised upon delivery of product to customers as this is when control passes to the customers and the payment is due immediately.

(iii) Bundled transactions comprising provision of mobile telecommunications services and sale of handset/other product

Under bundled contracts, the Group sells handset device/other product in exchange for entering into a fixed-term and fixed-price service contract, representing the two distinct performance obligations in these typical bundled contracts.

The amount of revenue recognised for each performance obligation is determined by considering the standalone selling prices of each of the service element and product element provided within the bundled contracts. The payment pattern is consistent with the sales of services and products.

The bundled contracts may include the sale of a handset device/other product and result in the creation of a contract asset when the Group delivered the product to the customer at the time of sale (Note 2(q)).

Financing components

The Group does not expect to have any contracts where the period between the provision of the promised services to the customers and payment by the customers exceeds one year. The financing component in the bundled contracts where the period between the delivery of the promised handset device/other product to the customers and payment by the customers exceeds one year is not expected to be significant. Based on current facts and circumstances, the Group determined that the financing component within the bundled contracts with customers is not significant and therefore does not adjust any of the transaction prices for the time value of money.

2 Significant Accounting Policies (Continued)

(z) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that subsequently become credit-impaired.

(aa) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

Leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar term and condition.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Significant Accounting Policies (Continued)

(aa) Leases (Continued)

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

(iii) Short-term leases

Payments associated with short-term leases for all classes of underlying assets are recognised on a straight-line basis over the lease terms as expenses in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

(ab) Government grant

Grants/subsidies from the government are recognised at their fair values where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions. The amounts are recognised within "other operating expenses" in the consolidated income statement.

3 Financial Risk Management

(a) Financial risk factors

The Group is exposed to market risk (from changes in interest rates and currency exchange rates), credit risk and liquidity risk. Interest rate risk exists with respect to the Group's financial assets bearing interest at floating rates. Interest rate risk also exists with respect to the fair value of fixed rate financial assets and liabilities. Exchange rate risk exists with respect to the Group's financial assets and liabilities denominated in a currency that is not the entity's functional currency. No instruments are held by the Group for speculative purposes.

(i) Foreign currency exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with the surplus funds placed with banks, trade and other receivables, and trade and other payables denominated in United States dollars ("US$"), Euro ("EURO") and British pounds ("GBP"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarises the foreign exchange exposure on the net monetary position of the above assets and liabilities, expressed in the Group's presentation currency of HK$.

	2022 HK$ million	2021 HK$ million
US$	**(48)**	(25)
EURO	**(32)**	(37)
GBP	**14**	–
Total net exposure: net liabilities	**(66)**	(62)

As at 31 December, a 5% strengthening/weakening of the currencies of the above assets and liabilities against HK$ would have increased/decreased (2021: decreased/increased) post-tax loss (2021: post-tax profit) for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2022 HK$ million	2021 HK$ million
US$	**(2)**	(1)
EURO	**(1)**	(2)
GBP	**1**	–
	(2)	(3)

There is no significant foreign currency transaction risk that would affect equity directly. The 5% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate exposure

The Group's main interest risk exposures relate to its investments of surplus funds placed with banks and loan to a joint venture. The Group manages its interest rate exposure of investments of surplus funds by placing such balances with various maturities and interest rate terms.

As at 31 December, the carrying amounts of the Group's financial assets and liabilities where their cash flows are subject to interest rate exposure are as follows:

	2022 HK$ million	2021 HK$ million
Cash at banks and short-term bank deposits	3,542	3,800
Loan to a joint venture (Note 21)	214	267
	3,756	4,067

The cash deposits placed with banks generate interest at the prevailing market interest rates and the loan to a joint venture bears interest at Hong Kong inter-bank offered rate ("HIBOR") plus 3% per annum (2021: Same).

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax loss for 2022 would have decreased by HK$37 million and post-tax profit for 2021 would have increased by HK$40 million, mainly as a result of higher interest income from cash at banks and bank deposits and interest bearing balance with a joint venture; there would have no direct impact on equity as the Group did not have financial instruments qualified for hedge accounting whereby all movement of interest expense and income as a result of interest rates changes would be charged to the consolidated income statement.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting date and had been applied to the exposure to interest rate risk for the above financial assets and liabilities in existence at that date. The 100 basis point movement represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises from cash at banks and short-term bank deposits, trade and other receivables, contract assets, deposits and loan to a joint venture.

Risk management

Credit risk is managed on a group basis. Management has policies in place and exposures to the credit risk are monitored on an ongoing basis.

For banks and financial institutions, only independently rated parties with sound credit rating are accepted.

The Group controls its credit risk by assessing the credit quality of the counterparties, taking into account their credit ratings, past experience and other factors, in measuring the expected credit loss. Individual limits are set by the management with regular monitoring.

The credit periods granted by the Group to customers generally range from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The utilisation of credit limits is regularly monitored. Debtors who have overdue accounts are requested to settle all outstanding balances before any further credit is granted. There is no concentration of credit risk with respect to trade receivables and contract assets as the Group has a large number of customers. The Group does not have significant exposure to any individual debtor.

The Group considers its maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2022 HK$ million	2021 HK$ million
Cash and bank balances (Note 22)	**3,700**	3,975
Trade and other receivables (Note 23)	**393**	324
Contract assets (Note 18)	**345**	336
Current and non-current deposits	**119**	114
Loan to a joint venture (Note 21)	**214**	267
	4,771	5,016

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model of IFRS 9:

- trade receivables from the provision of mobile telecommunications and other related services and sales of telecommunications hardware and other products;
- contract assets relating to bundled transactions; and
- other financial assets at amortised cost.

(a) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance provision against trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group considers the lifetime expected loss for contract assets relating to unbilled bundled transactions to be substantially the same as the trade receivables.

The expected loss rates are based on the payment profiles of the debtors over a period of 24 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Trade receivables and contract assets (Continued)

On that basis, the loss allowance provision as at 31 December 2022 and 2021 are determined as follows for trade receivables and contract assets:

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million
At 31 December 2022:						
Not yet due	3%	126	4	3%	355	10
Past due 1 - 30 days	5% - 12%	87	6			
Past due 31 - 60 days	11% - 24%	25	4			
Past due 61 - 180 days	21% - 42%	51	12			
Past due over 180 days	31% - 42%	86	31			
		375	57			

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million
At 31 December 2021:						
Not yet due	1%	125	1	1%	340	4
Past due 1 - 30 days	1%	76	1			
Past due 31 - 60 days	3% - 5%	23	1			
Past due 61 - 180 days	5% - 43%	42	6			
Past due over 180 days	27% - 43%	64	32			
		330	41			

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) *Credit risk (Continued)*

(a) *Trade receivables and contract assets (Continued)*

Movement of loss allowance provision of trade receivables and contract assets is as follows:

	Trade receivables		Contract assets	
	2022 HK$ million	2021 HK$ million	**2022 HK$ million**	2021 HK$ million
At 1 January	**41**	47	**4**	8
Increase in provision recognised in the consolidated income statement	**58**	22	**8**	2
Amounts recovered in respect of brought forward balance	**(24)**	(8)	**(2)**	(6)
Write-off during the year	**(18)**	(20)	**-**	-
At 31 December	**57**	41	**10**	4

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments past due for a period of greater than 365 days. Impairment losses on trade receivables and contract assets are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement (Note 8). Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) *Other financial assets at amortised cost*

Other financial assets at amortised cost include loan to a joint venture, other receivables, deposits, and cash and bank balances. These financial assets are considered to be low credit risk as the counterparty has capacity to meet its contractual cash flow obligation. Therefore, applying the expected credit risk model resulted in an immaterial impact on the loss allowance provision for these financial assets.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management is adopted. Due to the dynamic nature of the underlying business, the Group maintains sufficient cash for operating and investing activities.

The following table details the contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group is required to pay.

	Carrying amount HK$ million	Contractual liabilities HK$ million	Contractual undiscounted cash flow HK$ million	Within 1 year HK$ million	After 1 year but within 2 years HK$ million	After 2 years but within 5 years HK$ million	After 5 years HK$ million
At 31 December 2022							
Trade payables (Note 25)	197	197	197	197	-	-	-
Other payables and accruals (Note 25)	1,149	295	295	295	-	-	-
Licence fees liabilities (Notes 25 and 28(a))	2,257	2,257	2,661	146	186	586	1,743
Lease liabilities (Note 27)	456	456	463	308	124	31	-
	4,059	3,205	3,616	946	310	617	1,743

	Carrying amount HK$ million	Contractual liabilities HK$ million	Contractual undiscounted cash flow HK$ million	Within 1 year HK$ million	After 1 year but within 2 years HK$ million	After 2 years but within 5 years HK$ million	After 5 years HK$ million
At 31 December 2021							
Trade payables (Note 25)	133	133	133	133	–	–	–
Other payables and accruals (Note 25)	1,282	486	486	486	–	–	–
Licence fees liabilities (Notes 25 and 28(a))	2,240	2,240	2,680	134	172	542	1,832
Lease liabilities (Note 27)	417	417	423	291	111	21	–
	4,072	3,276	3,722	1,044	283	563	1,832

3 Financial Risk Management (Continued)

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The Group defines capital as total equity, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

(c) Fair value estimation

The carrying amounts of cash and bank balances, trade and other receivables, deposits, and trade and other payables are assumed to approximate their fair values due to short maturity. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions.

The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(a) Estimated useful life for telecommunications infrastructure and network equipment

The Group has substantial investments in mobile telecommunications infrastructure and network equipment. As at 31 December 2022, the carrying amount of the mobile telecommunications infrastructure and network equipment was HK$2,277 million (2021: HK$2,224 million). Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

(b) Estimated useful life for telecommunications licences

Telecommunications licences with a finite useful life are carried at cost less accumulated amortisation and are tested for impairment when there is any indication that they may be impaired. Judgement is required to estimate the useful lives of the telecommunications licences. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the consolidated income statement.

4 Critical Accounting Estimates and Judgements (Continued)

(c) Impairment of goodwill and other non-financial assets

Goodwill is tested for impairment annually and when there is indication that it may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, non-financial assets are grouped and tested for impairment at the respective CGUs or group of CGUs and the recoverable amount of the CGUs or group of CGUs is estimated in order to determine the extent of the impairment loss, if any.

In assessing whether these assets have suffered any impairment, the carrying value of the CGUs or group of CGUs is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. The recoverable amounts of the CGUs or group of CGUs have been determined based on a discounted cash flow model. The cash flows are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances, market development expectations, including the expected market share and growth momentum, and where available and relevant, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. The calculation of the recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimating the recoverable amount of the CGUs or group of CGUs requires the use of significant judgements that are based on a number of factors including actual operating results, internal forecasts, determination of an appropriate discount rate, growth rate and the estimated terminal value assumptions. It is reasonably possible that the judgements and estimates described above could change in future periods.

(d) Taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement and estimate are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised.

5 Revenue

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

	2022 HK$ million	2021 HK$ million
Mobile telecommunications and other related services	3,278	3,241
Telecommunications hardware and other products	1,604	2,144
	4,882	5,385

(a) Disaggregation of revenue

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

	2022 HK$ million	2021 HK$ million
Timing of revenue recognition:		
Over time	3,278	3,241
At a point in time	1,604	2,144
	4,882	5,385

(b) Unsatisfied mobile telecommunications service contracts

The aggregate amount of the transaction price allocated to the performance obligations arisen from fixed-price mobile telecommunications service contracts that are partially or fully unsatisfied as at 31 December 2022 was HK$2,924 million (2021: HK$2,928 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2022 HK$ million	2021 HK$ million
Not later than 1 year	1,805	1,761
After 1 year but within 5 years	1,111	1,160
After 5 years	8	7
	2,924	2,928

The performance obligations arisen from other mobile telecommunications service contracts are for period of one year or less or are billed based on usage incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6 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 resource allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

7 Staff Costs

	2022 HK$ million	2021 HK$ million
Wages and salaries	490	429
Pension costs		
– defined benefit plans	16	21
– defined contribution plans	9	8
Termination benefits	-	2
	515	460
Less: – Amounts capitalised as property, plant and equipment	(114)	(108)
– Amounts capitalised as customer acquisition and retention costs	(65)	(51)
	336	301

(a) Directors' and chief executive's emoluments

Directors' emoluments comprise payments to directors from the Group. The emoluments of each of the directors of the Company exclude amounts received from subsidiaries of the Group and paid to the Company, a subsidiary or an intermediate holding company of the Company. The amounts paid to each director and the chief executive for 2022 and 2021 are as follows:

	2022					
	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind (iv) HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total HK$ million
Fok Kin Ning, Canning	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai (i)(ii)	0.09	2.96	1.44	0.22	-	4.71
Lai Kai Ming, Dominic (i)	0.07	-	-	-	-	0.07
Edith Shih	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia (iii)	-	-	-	-	-	-
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.44	0.22	-	5.64

7 Staff Costs (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	2021					
	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind [iv] HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total HK$ million
Fok Kin Ning, Canning	0.11	-	-	-	-	0.11
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai [i][ii]	0.09	2.96	1.37	0.22	-	4.64
Lai Kai Ming, Dominic [i]	0.07	-	-	-	-	0.07
Edith Shih	0.09	-	-	-	-	0.09
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.37	0.22	-	5.57

(i) Director's fee received by these directors from a subsidiary of the Group during the period they served as directors that have been paid to the Company or an intermediate holding company of the Company are not included in the amounts above.

(ii) Mr Koo Sing Fai is the chief executive whose emoluments have been shown in directors' emoluments above.

(iii) Appointed on 28 December 2022.

(iv) Benefits-in-kind included insurance and transportation.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

7 Staff Costs (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	2022 Number of individual	2021 Number of individual
Director of the Company	1	1
Management executives	4	4

The aggregate remuneration paid to these highest paid individuals is as follows:

	2022 HK$ million	2021 HK$ million
Basic salaries, allowances and benefits-in-kind	10	10
Bonuses	4	4
Provident fund contributions	1	1
	15	15

The emoluments of the above mentioned individuals with the highest emoluments fall within the following bands:

	2022 Number of individual	2021 Number of individual
HK$2,000,001 - HK$2,500,000	2	2
HK$2,500,001 - HK$3,000,000	2	1
HK$3,000,001 - HK$3,500,000	-	1
HK$4,500,001 - HK$5,000,000	1	1

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2022 (2021: Nil).

8 Other Operating Expenses

	2022 HK$ million	2021 HK$ million
Cost of services provided [(i)]	**1,454**	1,366
General administrative and distribution costs	**138**	117
Expenses for short-term leases	**30**	36
Auditors' remuneration	**7**	7
Loss allowance provision	**40**	10
Employment and other subsidies [(ii)]	**(18)**	(14)
Compensation income [(iii)]	**(80)**	–
Total	**1,571**	1,522

(i) Include interconnection charges, roaming costs and other network operating costs.

(ii) Benefits received from governments and other companies under COVID-19 related employment and other support schemes.

(iii) Compensation income from third party in relation to early termination of contract.

9 Interest and Other Finance Costs, Net

	2022 HK$ million	2021 HK$ million
Interest and other finance income:		
Bank interest income	**55**	14
Interest income from a joint venture	**11**	10
	66	24
Interest and other finance costs:		
Notional interest accretion [(i)]	**(68)**	(44)
Guarantee and other finance fees	**(9)**	(10)
	(77)	(54)
Interest and other finance costs, net	**(11)**	(30)

(i) Notional interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the 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.

10 Taxation

	2022		
	Current taxation HK$ million	Deferred taxation HK$ million	Total HK$ million
Hong Kong	1	48	49
Outside Hong Kong	-	-	-
	1	48	49

	2021		
	Current taxation HK$ million	Deferred taxation HK$ million	Total HK$ million
Hong Kong	–	80	80
Outside Hong Kong	–	2	2
	–	82	82

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses. The differences between the Group's expected tax charge at respective applicable tax rates and the Group's tax charge for the year are as follows:

	2022 HK$ million	2021 HK$ million
Tax calculated at domestic rates	(15)	16
Income not subject to tax	(23)	(2)
Expenses not deductible for taxation purposes	85	66
Under-provision in prior years	2	2
Total taxation charge	49	82

11 (Loss)/earnings per Share

The calculation of basic (loss)/earnings per share is based on loss attributable to shareholders of the Company of HK$158 million (2021: profit of HK$4 million) and on the weighted average number of 4,819,096,208 (2021: Same) ordinary shares in issue during the year.

The diluted (loss)/earnings per share for the year ended 31 December 2022 is the same as basic (loss)/earnings per share as there were no potential dilutive shares during the year (2021: Same).

12 Dividends

	2022 HK$ million	2021 HK$ million
Interim dividend, paid of 2.28 HK cents per share (2021: 2.28 HK cents per share)	110	110
Special interim dividend, paid of 19.80 HK cents per share	-	954
Final dividend, proposed of 5.21 HK cents per share (2021: 5.21 HK cents per share)	251	251
	361	1,315

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2022.

13 Property, Plant and Equipment

The movements of property, plant and equipment for the years ended 31 December 2022 and 2021 are as follows:

	Buildings HK$ million	Telecom-munications infrastructure and network equipment HK$ million	Other assets HK$ million	Construction in progress HK$ million	Total HK$ million
Cost					
At 1 January 2022	87	5,270	2,315	330	8,002
Additions	-	211	105	180	496
Disposals/write-off	-	(412)	(91)	-	(503)
Transfer between categories	-	184	73	(257)	-
At 31 December 2022	87	5,253	2,402	253	7,995
Accumulated depreciation					
At 1 January 2022	24	3,046	1,931	-	5,001
Charge for the year	2	342	146	-	490
Disposals/write-off	-	(412)	(91)	-	(503)
At 31 December 2022	26	2,976	1,986	-	4,988
Net book value					
At 31 December 2022	61	2,277	416	253	3,007

13 Property, Plant and Equipment (Continued)

	Buildings HK$ million	Telecommunications infrastructure and network equipment HK$ million	Other assets HK$ million	Construction in progress HK$ million	Total HK$ million
Cost					
At 1 January 2021	87	4,760	2,446	305	7,598
Additions	–	508	95	271	874
Disposals/write-off	–	(109)	(361)	–	(470)
Transfer between categories	–	111	135	(246)	–
At 31 December 2021	87	5,270	2,315	330	8,002
Accumulated depreciation					
At 1 January 2021	22	2,849	2,176	–	5,047
Charge for the year	2	306	116	–	424
Disposals/write-off	–	(109)	(361)	–	(470)
At 31 December 2021	24	3,046	1,931	–	5,001
Net book value					
At 31 December 2021	63	2,224	384	330	3,001

Other assets include motor vehicles, office furniture and equipment, computer equipment and leasehold improvements.

14 Goodwill

	2022 HK$ million	2021 HK$ million
Gross carrying amount and net book value at 1 January and 31 December	**2,155**	2,155
Accumulated impairment losses at 1 January and 31 December	**-**	-

Impairment test for the group of CGUs containing goodwill

Goodwill is allocated to the group of CGUs, the lowest level at which goodwill is monitored for internal management purposes, that are expected to benefit from the business combination in which the goodwill arose. In accordance with the Group's accounting policy on asset impairment (Note 2(l)), the carrying value of goodwill was tested annually for impairment and when there is indication that it may be impaired.

In performing the impairment assessment, the carrying value of the group of CGUs (including goodwill and telecommunications licences) is compared with its recoverable amount. The recoverable amount of the group of CGUs is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period to 2027 and the estimated terminal value at the end of the budget period. Information about the estimates and judgements relating to the impairment test are disclosed in Note 4(c).

Key assumptions used for value-in-use calculation are:

(i) The expected growth in revenues, gross margin, operating costs, timing of future capital expenditures and growth rate. With reference to the impairment test model of the telecommunications industry, a growth rate of 2.0% into perpetuity is used to extrapolate cash flows beyond the budget period in order to determine the terminal value of the group of CGUs.

(ii) The discount rate applied to cash flows of the group of CGUs is based on discount rate that reflects the specific risks relating to the relevant segment. The discount rate is adjusted to reflect the risk profile equivalent to those that the Group expects to derive from the assets. The pre-tax discount rate applied in the value-in-use calculation is 10.9% (2021: 9.3%) per annum.

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the group of CGUs. The results of the tests undertaken as at 31 December 2022 indicated no impairment charge was necessary (2021: Same).

15 Telecommunications Licences

	HK$ million
At 1 January 2021	
Cost	3,878
Accumulated amortisation	(1,704)
Net book value	2,174
Year ended 31 December 2021	
Opening net book value	2,174
Additions	2,040
Amortisation for the year	(314)
Closing net book value	3,900
At 31 December 2021	
Cost	5,463
Accumulated amortisation	(1,563)
Net book value	3,900
Year ended 31 December 2022	
Opening net book value	**3,900**
Additions	**138**
Amortisation for the year	**(375)**
Closing net book value	**3,663**
At 31 December 2022	
Cost	**5,601**
Accumulated amortisation	**(1,938)**
Net book value	**3,663**

During the year ended 31 December 2022, the Group acquired telecommunications licences of HK$138 million following the bid of two blocks of 10 MHz spectrum at the 700 MHz band.

During the year ended 31 December 2021, the Group acquired telecommunications licences of HK$2,040 million following (i) the bid of a block of 10 MHz spectrum at the 900 MHz band, and (ii) the re-assignment of a block of 20 MHz spectrum and the bid of a block of 10 MHz spectrum at the 1800 MHz band.

The additions represent the net present value of the consideration payable for telecommunications licences acquired (Notes 28(a) and 33).

16 Right-of-use Assets

The Group leases various network sites, retail stores, office and warehouse. Rental contracts are typically made for fixed period of two to three years. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions.

	2022 **HK$ million**	2021 HK$ million
Network sites	**439**	418
Retail stores	**45**	22
Office	**7**	26
Warehouse	**-**	1
	491	467

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Additions to the right-of-use assets with the corresponding increase in lease liabilities and the assets retirement obligations during the year ended 31 December 2022 were HK$441 million (2021: HK$291 million) and HK$8 million (2021: HK$41 million) respectively.

Amortisation charge of right-of-use assets recognised in the consolidated income statement is as follows:

	2022 **HK$ million**	2021 HK$ million
Network sites	**377**	353
Retail stores	**28**	32
Office	**19**	19
Warehouse	**1**	1
	425	405

17 Customer Acquisition and Retention Costs

	HK$ million
At 1 January 2021	
Cost	306
Accumulated amortisation	(161)
Net book value	145
Year ended 31 December 2021	
Opening net book value	145
Additions	177
Amortisation for the year	(157)
Closing net book value	165
At 31 December 2021	
Cost	325
Accumulated amortisation	(160)
Net book value	165
Year ended 31 December 2022	
Opening net book value	**165**
Additions	**190**
Amortisation for the year	**(166)**
Closing net book value	**189**
At 31 December 2022	
Cost	**373**
Accumulated amortisation	**(184)**
Net book value	**189**

18 Contract Assets

	Non-current		Current		Total	
	2022 HK$ million	2021 HK$ million	**2022 HK$ million**	2021 HK$ million	**2022 HK$ million**	2021 HK$ million
Contract assets	**157**	161	**198**	179	**355**	340
Less: Loss allowance provision (Note 3(a)(iii))	**(5)**	(2)	**(5)**	(2)	**(10)**	(4)
Contract assets, net of provision	**152**	159	**193**	177	**345**	336

There is no concentration of credit risk with respect to contract assets, as the Group has a large number of customers.

19 Other Non-Current Assets

	2022 HK$ million	2021 HK$ million
Prepayments	**287**	291
Non-current deposits	**30**	25
Pension assets (Note 34(a))	**44**	87
	361	403

Non-current deposits are carried at amortised cost, which approximate their fair values at the reporting date.

20 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2022 HK$ million	2021 HK$ million
Deferred tax assets	**4**	4
Deferred tax liabilities	**(48)**	–
Net deferred tax (liabilities)/assets	**(44)**	4

The gross movement of the deferred tax assets/(liabilities) is as follows:

	Accelerated depreciation allowance HK$ million	Tax losses HK$ million	Other HK$ million	Total HK$ million
At 1 January 2021	(74)	157	3	86
Net charge to consolidated income statement for the year (Note 10)	(63)	(17)	(2)	(82)
At 31 December 2021	(137)	140	1	4
At 1 January 2022	**(137)**	**140**	**1**	**4**
Net charge to consolidated income statement for the year (Note 10)	**(9)**	**(38)**	**(1)**	**(48)**
At 31 December 2022	**(146)**	**102**	**-**	**(44)**

20 Deferred Tax Assets and Liabilities (Continued)

The potential deferred tax assets which have not been recognised in the consolidated financial statements are as follows:

	2022 HK$ million	2021 HK$ million
Arising from unused tax losses	1	1

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

As at 31 December 2022, subject to the agreement by tax authorities, total unrecognised tax losses of HK$7 million (2021: HK$9 million) can be carried forward indefinitely.

21 Investment in a Joint Venture

	2022 HK$ million	2021 HK$ million
Loan to a joint venture	214	267
Share of undistributed post acquisition reserves	(57)	(52)
	157	215

As at 31 December 2022, the loan to a joint venture of HK$214 million (2021: HK$267 million) was unsecured, had no fixed term of repayment and bore interest at HIBOR plus 3% per annum (2021: Same).

Particulars of the principal joint venture are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
Genius Brand Limited	Hong Kong	Telecommunications business in Hong Kong	50%

21 Investment in a Joint Venture (Continued)

The Group's share of the result of its joint venture, which is unlisted, is as follows:

	2022 HK$ million	2021 HK$ million
Net loss and total comprehensive loss for the year	(4)	(4)
Proportionate interest in a joint venture's capital commitments Contracted but not provided for	12	9

As at 31 December 2022, there were no contingent liabilities related to the Group's interest in a joint venture (2021: Nil) and no contingent liabilities of joint venture itself (2021: Nil).

As at 31 December 2022, all the shares held by the Group in a joint venture were pledged as security in favour of another partner of the joint venture under a cross share pledge arrangement (2021: Same).

22 Cash and Bank Balances

	2022 HK$ million	2021 HK$ million
Cash at banks and in hand	165	186
Short-term bank deposits with original maturity within 3 months	2,922	1,228
Cash and cash equivalents	3,087	1,414
Short-term bank deposits with original maturity beyond 3 months	613	2,561
	3,700	3,975

As at 31 December 2022, the weighted average interest rate on short-term bank deposits was 4.80% (2021: 0.34%) per annum.

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

23 Trade Receivables and Other Current Assets

	2022 HK$ million	2021 HK$ million
Trade receivables [a]	**375**	330
Less: Loss allowance provision (Note 3(a)(iii))	**(57)**	(41)
Trade receivables, net of provision	**318**	289
Other receivables [b]	**75**	35
Prepayments and deposits [b]	**391**	405
	784	729

(a) Trade receivables

	2022 HK$ million	2021 HK$ million
The ageing analysis of trade receivables presented based on the invoice date is as follows:		
0 - 30 days	**162**	171
31 - 60 days	**62**	40
61 - 180 days	**61**	49
Over 180 days	**90**	70
	375	330

The carrying values of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Other receivables, prepayments and deposits

The carrying values of other receivables and deposits approximate their fair values. Other receivables, prepayments and deposits do not contain impaired assets. The maximum exposure to credit risk is the fair value of each class of financial assets mentioned above. The Group does not hold any collateral as security.

24 Inventories

Inventories represent handsets and related accessories held for sale. As at 31 December 2022, the amount of inventories carried at net realisable value was HK$13 million (2021: HK$5 million).

25 Trade and Other Payables

	2022 HK$ million	2021 HK$ million
Trade payables [(a)]	197	133
Other payables and accruals [(b)]	1,149	1,282
Receipts in advance	159	147
Current portion of licence fees liabilities (Note 28(a))	144	131
	1,649	1,693

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

(a) Trade payables

	2022 HK$ million	2021 HK$ million
The ageing analysis of trade payables is as follows:		
0 – 30 days	67	50
31 – 60 days	25	12
61 – 90 days	7	5
Over 90 days	98	66
	197	133

(b) Other payables and accruals

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

26 Contract Liabilities

	2022 HK$ million	2021 HK$ million
Contract liabilities		
– mobile telecommunications service contracts	**162**	163

Revenue in relation to mobile telecommunications service contracts, which was included in the contract liabilities balance at the beginning of the year amounting to HK$147 million, was recognised during the year ended 31 December 2022 (2021: HK$168 million). No revenue is recognised from performance obligations satisfied in previous periods during the year ended 31 December 2022 (2021: Nil).

27 Lease Liabilities

	2022 HK$ million	2021 HK$ million
Current	**305**	289
Non-current	**151**	128
	456	417

(a) Movement of lease liabilities is as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**417**	524
Additions	**441**	291
Interest accretion	**10**	12
Payments for lease liabilities (including interest) (i)	**(412)**	(410)
At 31 December	**456**	417

(i) The payments include the principal elements of lease liabilities paid (included in "net cash used in financing activities") of HK$402 million (2021: HK$398 million) and interest elements of lease liabilities paid (included in "net cash from operating activities") of HK$10 million (2021: HK$12 million).

(b) The total cash outflow for short-term leases for the year ended 31 December 2022 was HK$30 million (2021: HK$36 million).

28 Other Non-Current Liabilities

	2022 HK$ million	2021 HK$ million
Non-current licence fees liabilities [a]	2,113	2,109
Assets retirement obligations [b]	258	249
	2,371	2,358

(a) Licence fees liabilities

	2022 HK$ million	2021 HK$ million
Licence fees liabilities - minimum annual fees payments:		
Not later than 1 year	146	134
After 1 year but within 5 years	772	714
After 5 years	1,743	1,832
	2,661	2,680
Future finance charges on licence fees liabilities	(404)	(440)
Carrying amount of licence fees liabilities	2,257	2,240
The carrying amount of licence fees liabilities is as follows:		
Current portion of licence fees liabilities (Note 25)	144	131
Non-current licence fees liabilities:		
After 1 year but within 5 years	715	662
After 5 years	1,398	1,447
	2,113	2,109
Total licence fees liabilities	2,257	2,240

(b) Assets retirement obligations

	2022 HK$ million	2021 HK$ million
At 1 January	249	223
Additions	8	41
Interest accretion	2	2
Utilisations	(1)	(17)
At 31 December	258	249

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing property, plant and equipment when they are no longer used and restoring the sites on which they are located.

29 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 (2021: Same).

(b) Issued share capital of the Company

	Ordinary share of HK$0.25 each	
	Number of shares	Issued and fully paid HK$ million
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**4,819,096,208**	**1,205**

30 Reserves

	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves [(i)] HK$ million	Total HK$ million
At 1 January 2021	11,185	(241)	1	186	(289)	10,842
Profit for the year	-	4	-	-	-	4
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	79	-	79
Dividend paid	-	(1,315)	-	-	-	(1,315)
At 31 December 2021	11,185	(1,552)	1	265	(289)	9,610
At 1 January 2022	**11,185**	**(1,552)**	**1**	**265**	**(289)**	**9,610**
Loss for the year	**-**	**(158)**	**-**	**-**	**-**	**(158)**
Remeasurements of defined benefit plans (Note 34(a))	**-**	**-**	**-**	**(27)**	**-**	**(27)**
Dividend paid	**-**	**(361)**	**-**	**-**	**-**	**(361)**
At 31 December 2022	**11,185**	**(2,071)**	**1**	**238**	**(289)**	**9,064**

(i) In prior years, the Group acquired the interests in certain subsidiaries held by the non-controlling shareholders. The other reserves mainly represent the difference between the consideration paid for the additional interests acquired by the Group and the proportionate share of the carrying amount of net assets of these subsidiaries.

31 Cash Generated from Operations

	2022 HK$ million	2021 HK$ million
Cash flows from operating activities		
(Loss)/profit before taxation	**(109)**	86
Adjustments for:		
– Interest and other finance income	**(66)**	(24)
– Interest and other finance costs	**77**	54
– Depreciation and amortisation	**1,456**	1,300
– Capitalisation of customer acquisition and retention costs	**(190)**	(177)
– Share of result of a joint venture	**4**	4
– (Increase)/decrease in trade receivables and other assets	**(49)**	136
– Increase in inventories	**(4)**	(4)
– Increase in trade and other payables, and licence fees liabilities	**13**	2,012
– Decrease in pension assets	**16**	11
Cash generated from operations	**1,148**	3,398

Non-cash transactions from investing activities

Save as disclosed in elsewhere in the consolidated financial statements, the non-cash transactions during the year ended 31 December 2022 include (i) the network access fee payable to a joint venture of HK$111 million (2021: HK$114 million) and (ii) the interest income from the loan to a joint venture of HK$11 million (2021: HK$10 million), which have been settled by offsetting the loan to a joint venture.

32 Contingent Liabilities

As at 31 December, the Group had contingent liabilities in respect of the following:

	2022 HK$ million	2021 HK$ million
Performance guarantees	**184**	234
Financial guarantees	**953**	882
Others	**2**	1
	1,139	1,117

The contingent liabilities mainly comprise of the performance guarantees and financial guarantees provided to the Communications Authority of Hong Kong ("CA"). The Group is required to lodge a performance bond with the CA to guarantee (i) the network and service rollout requirement and (ii) to maintain at all times throughout the whole assignment term for payment of the Spectrum Utilisation Fee ("SUF") payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years, in respect of those spectrums which the Group elected to pay annually in 15 instalments.

33 Capital Commitments

As at 31 December, the Group had capital commitments contracted but not provided for as follows:

	2022 HK$ million	2021 HK$ million
Property, plant and equipment	119	269
Telecommunications licences	114	252
	233	521

On 27 October 2021, Hutchison Telephone Company Limited, a subsidiary of the Group, successfully bid two blocks of 10 MHz spectrum at the 700 MHz band and a block of 10 MHz spectrum at the 2600 MHz band (collectively, the "2021 Bidded Spectrums"), for a 15-year period (commencing June 2022 for the 700 MHz band and March 2024 for the 2600 MHz band) at aggregate SUFs of HK$252 million. SUFs for the 2021 Bidded Spectrums are payable either (i) in full as a lump sum payment upfront (by May 2022 for the 700 MHz band and January 2024 for the 2600 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% ("15 Annual Instalments"). As at 31 December 2021, standby letters of credit of HK$252 million that covered the aggregate SUFs for the 2021 Bidded Spectrums were issued in favour of the CA.

In May 2022, the Group has determined to settle the aggregate SUFs for the 700 MHz band by 15 Annual Instalments. During the year ended 31 December 2022, the Group recognised telecommunications licences of HK$138 million for the 700 MHz band (Note 15).

34 Employee Retirement Benefits

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's defined benefit plans represent principally contributory final salary pension plans in Hong Kong. As at 31 December 2022, the Group's plans were valued by the independent qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs (2021: Same).

	2022 HK$ million	2021 HK$ million
The amount recognised in the consolidated statement of financial position:		
Present value of funded plans' obligations	(164)	(203)
Less: Fair value of plan assets	208	290
Pension assets recognised in the consolidated statement of financial position (Note 19)	44	87

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

The movements in the defined benefit plans during the year are as follows:

	Present value of obligations HK$ million	Fair value of plan assets HK$ million	Total HK$ million
At 1 January 2022	(203)	290	87
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
– Current service cost	(17)	-	(17)
– Net interest (expense)/income	(3)	4	1
	(20)	4	(16)
Amounts recognised in other comprehensive income			
Remeasurements:			
– Loss on plan assets, excluding amounts included in interest income	-	(64)	(64)
– Gain from change in financial assumptions	30	-	30
– Experience gains	7	-	7
	37	(64)	(27)
Actual benefits paid	22	(22)	-
At 31 December 2022	(164)	208	44

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	Present value of obligations HK$ million	Fair value of plan assets HK$ million	Total HK$ million
At 1 January 2021	(229)	248	19
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
– Current service cost	(21)	–	(21)
– Net interest (expense)/income	(1)	1	–
	(22)	1	(21)
Amounts recognised in other comprehensive income			
Remeasurements:			
– Gain on plan assets, excluding amounts included in interest income	–	52	52
– Gain from change in financial assumptions	16	–	16
– Experience gains	11	–	11
	27	52	79
Contributions:			
– Employers	–	10	10
Actual benefits paid	21	(21)	–
At 31 December 2021	(203)	290	87

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

Plan assets consist of the following:

	2022 HK$ million	2021 HK$ million
Equity instruments	139	210
Debt instruments	47	54
Other assets	22	26
	208	290

The principal actuarial assumptions and the sensitivity of the defined benefit obligations to changes in the principal assumptions are:

	2022		
	Assumption used	Impact to the defined benefit obligations if rate increases by 0.25%	Impact to the defined benefit obligations if rate decreases by 0.25%
Discount rate	3.7% - 3.8%	-1.7%	+1.8%
Future salary rate	3.5%	+0.3%	-0.3%

	2021		
	Assumption used	Impact to the defined benefit obligations if rate increases by 0.25%	Impact to the defined benefit obligations if rate decreases by 0.25%
Discount rate	1.2% - 1.5%	-2.1%	+2.1%
Future salary rate	3.5%	+0.4%	-0.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied in calculating the pension liability recognised within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change comparing to the previous period.

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	2022	2021
Weighted average duration of defined benefit obligations	7 years	8 years

Expected contributions to defined benefit plans for the year ending 31 December 2023 are HK$14 million.

Forfeited contributions totalling HK$3 million (2021: HK$3 million) were used to reduce the current year's level of contributions during the year and HK$0.3 million was available as at 31 December 2022 (2021: Nil) to reduce future years' contributions.

Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the surplus/deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2022, vested benefits under this plan were fully funded in accordance with the ORSO funding requirements.

(b) Defined contribution plans

Employees of certain subsidiaries are entitled to receive benefits from a provident fund, which is a defined contribution plan. The employee and the employer both make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The fund is administered and managed by the relevant agencies. Insignificant forfeited contributions (2021: HK$0.2 million) were used to reduce the current year's level of contributions during the year and no forfeited contribution was available as at 31 December 2022 (2021: Nil) to reduce future years' contributions.

35 Ultimate Holding Company

As at 31 December 2022 and 2021, approximately 66% of the issued share capital of the Company was owned by CK Hutchison Holdings Limited ("CKHH"), which was incorporated in the Cayman Islands with limited liability. The directors regarded CKHH as the Company's ultimate holding company.

36 Related Party Transactions

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Related Party Group:

(1) CKHH Group – CKHH together with its direct and indirect subsidiaries, associated companies and joint ventures

(2) Joint venture of the Group

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the consolidated financial statements, transactions between the Group and other related parties during the year are summarised below.

(a) Key management personnel remuneration

No transaction has been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 7.

36 Related Party Transactions (Continued)

(b) Transactions with related parties

	2022 HK$ million	2021 HK$ million
CKHH Group		
Provision of mobile telecommunications services	24	22
Sharing of services arrangement income	2	4
Purchase of telecommunications services	(5)	(5)
Purchase of telecommunications products	(5)	(8)
Purchase of non-telecommunications products	(12)	(10)
Rental expenses on lease arrangements	(5)	(5)
Dealership service expenses	(51)	(44)
Billing collection service expenses	(5)	(5)
Purchase of office supplies	(10)	(4)
Advertising and promotion expenses	(4)	(1)
Global procurement service arrangement expenses	(7)	(12)
Sharing of services arrangement expenses	(18)	(22)
Corporate guarantee expenses	(8)	(8)
Purchase of right-of-use assets	(4)	–
Purchase of property, plant and equipment	(1)	–
Joint Venture of the Group		
Interest income	11	10
Sharing of services arrangement income	1	1
Purchase of telecommunications services	(112)	(114)

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

37 Statement of Financial Position of the Company as at 31 December 2022

	2022 HK$ million	2021 HK$ million
Non-current assets		
Investments in subsidiaries, at cost [a]	5,577	5,577
Receivables from subsidiaries [b]	4,073	4,073
Total non-current assets	9,650	9,650
Current assets		
Cash and cash equivalents [c]	2,825	1,253
Short-term bank deposits with original maturity beyond 3 months [c]	613	2,561
Other current assets	19	3
Total current assets	3,457	3,817
Current liabilities		
Other payables	7	6
Payables to subsidiaries [d]	52	94
Current income tax liabilities	1	–
Total current liabilities	60	100
Net assets	13,047	13,367
Capital and reserves		
Share capital (Note 29)	1,205	1,205
Reserves [e]	11,842	12,162
Total equity	13,047	13,367

LUI Dennis Pok Man
Director

KOO Sing Fai
Director

37 Statement of Financial Position of the Company as at 31 December 2022 (Continued)

(a) Particulars regarding the principal subsidiaries are set out on page 179.

(b) Receivables from subsidiaries are unsecured and not expected to be repayable within 12 months from the date of the financial statements. Except for the balance of HK$661 million (2021: HK$661 million) which bears interest at HIBOR plus 0.8% per annum (2021: Same), the remaining balance of HK$3,412 million (2021: HK$3,412 million) are interest-free.

(c) As at 31 December 2022, the weighted average interest rate on short-term bank deposits was 4.88% (2021: 0.34%) per annum.

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

(d) Payables to subsidiaries are interest-free, unsecured and repayable on demand.

(e) Reserve movement of the Company

	Share premium HK$ million	Retained earnings HK$ million	Total HK$ million
At 1 January 2021	11,185	1,338	12,523
Profit for the year	-	954	954
Dividend paid	-	(1,315)	(1,315)
At 31 December 2021	11,185	977	12,162
At 1 January 2022	**11,185**	**977**	**12,162**
Profit for the year	**-**	**41**	**41**
Dividend paid	**-**	**(361)**	**(361)**
At 31 December 2022	**11,185**	**657**	**11,842**

Reserve of the Company available for distribution to shareholders of the Company as at 31 December 2022 amounted to HK$11,842 million (2021: HK$12,162 million).

List of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2022 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Direct interest held	Indirect interest held
Hutchison Telecommunications (HK) Holdings Limited	The British Virgin Islands, limited liability company	Investment holding	11 ordinary shares of US$1 each	100%	-
Hutchison Telecommunications (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding	HK$5,000,020	-	100%
Hutchison Telephone Company Limited	Hong Kong, limited liability company	Mobile telecommunications business in Hong Kong	HK$2,730,684,340	-	100%
Hutchison Telephone (Macau) Company Limited	Macau, limited liability company	Mobile telecommunications business in Macau	MOP10,000,000	-	100%

Supplementary Financial Information

(1) Reconciliation of key financial information between Consolidated Income Statement and Management Discussion and Analysis Section

	2022			2021		
	Company and Subsidiaries HK$ million	Joint Venture HK$ million	Total HK$ million	Company and Subsidiaries HK$ million	Joint Venture HK$ million	Total HK$ million
EBITDA [(i)]	1,362	58	1,420	1,420	57	1,477
Depreciation and amortisation	(1,456)	(45)	(1,501)	(1,300)	(45)	(1,345)
(LBIT)/EBIT [(ii)]	(94)	13	(81)	120	12	132
Interest and other finance income	66	-	66	24	-	24
Interest and other finance costs	(77)	(11)	(88)	(54)	(10)	(64)
Share of result of a joint venture	(4)	4	-	(4)	4	-
(Loss)/profit before taxation	(109)	6	(103)	86	6	92
Taxation	(49)	(6)	(55)	(82)	(6)	(88)
(Loss)/profit attributable to shareholders of the Company	(158)	-	(158)	4	-	4

(i) EBITDA is defined as earnings before interest and other finance income, interest and other finance costs, taxation, and depreciation and amortisation.

(ii) (LBIT)/EBIT is defined as (losses)/earnings before interest and other finance income, interest and other finance costs, and taxation.

(2) Five-year financial summary (i)

	2022 HK$ million	2021 HK$ million	2020 HK$ million	2019 HK$ million	2018 HK$ million
RESULTS					
Revenue	4,882	5,385	4,545	5,582	7,912
(Loss)/profit for the year	(158)	4	361	437	433
Non-controlling interests	-	-	-	(8)	(29)
Net (loss)/profit attributable to shareholders of the Company	(158)	4	361	429	404
ASSETS					
Total non-current assets	10,179	10,469	8,391	8,201	7,854
Cash and bank balances	3,700	3,975	5,251	5,416	9,555
Other current assets	1,077	1,002	1,172	859	929
Total assets	14,956	15,446	14,814	14,476	18,338
LIABILITIES					
Other current liabilities	2,117	2,145	2,013	1,975	1,903
Other non-current liabilities	2,570	2,486	754	538	288
Total liabilities	4,687	4,631	2,767	2,513	2,191
Net assets	10,269	10,815	12,047	11,963	16,147
CAPITAL AND RESERVES					
Share capital	1,205	1,205	1,205	1,205	1,205
Reserves	9,064	9,610	10,842	10,758	14,771
Total shareholders' funds	10,269	10,815	12,047	11,963	15,976
Non-controlling interests	-	-	-	-	171
Total equity	10,269	10,815	12,047	11,963	16,147

(i) Details of the basis of preparation of the consolidated financial statements are set out in Note 2 to the consolidated financial statements.

Glossary

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

Terms	Definitions
"Articles of Association"	the Articles of Association of the Company as amended from time to time
"A.S. Watson"	A.S. Watson Holdings Limited, an indirect subsidiary of CKHH and the holding company of the retail division of CKHH
"A.S. Watson Group"	A.S. Watson and its subsidiaries
"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
"CKI"	CK Infrastructure Holdings Limited
"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/LBIT"	earnings or losses before net interest and other finance costs, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance costs, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKEx"	Hong Kong Exchanges and Clearing Limited
"HPHM"	Hutchison Port Holdings Management Pte. Limited

Terms	Definitions
"HTAL"	Hutchison Telecommunications (Australia) Limited
"HTHK"	Hutchison Telecommunications (Hong Kong) Limited
"HTIL"	Hutchison Telecommunications International Limited
"HWL"	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares were previously listed on the Main Board of the Stock Exchange (Stock Code: 13) and was privatised by way of a scheme of arrangement on 3 June 2015; the then substantial shareholder of the Company
"HWL Group"	HWL and its subsidiaries
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"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 and other products in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to hardware and other product under the non-subsidised hardware and other product business model
"PricewaterhouseCoopers" or "PwC"	PricewaterhouseCoopers, Certified Public Accountants and Registered Public Interest Entity Auditor
"service EBITDA/EBIT/LBIT"	EBITDA/EBIT/LBIT excluding standalone hardware and other product 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

Public Float Capitalisation

As at 31 December 2022:
Approximately HK$1,481 million (approximately 25.19% of the issued share capital of the Company)

Financial Calendar

Payment of 2022 Interim Dividend:	2 September 2022
2022 Final Results Announcement:	28 February 2023
Closure of Register of Members:	8 May 2023 to 11 May 2023
Annual General Meeting:	11 May 2023
Record Date for 2022 Final Dividend:	17 May 2023
Payment of 2022 Final Dividend:	29 May 2023
2023 Interim Results Announcement:	July 2023

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Cayman Islands Share Registrar and Transfer Office

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Suite 3204, Unit 2A, Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100, Cayman Islands
Telephone: +1 345 949 9107
Facsimile: +1 345 949 5777

Hong Kong Share Registrar and Transfer Office

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Investor Information

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

Investor Relations Contact

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