

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 215)

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

Post-IFRS 16 Basis ⁽¹⁾	2020 HK\$ million	2019 HK\$ million	Change
Service revenue	3,285	3,613	-9%
Service EBITDA ⁽²⁾	1,650	1,634	+1%
Total EBITDA ⁽²⁾	1,672	1,662	+1%
Total EBIT ⁽³⁾	403	409	-1%
Profit attributable to shareholders	361	429	-16%
Earnings per share (in HK cents)	7.49	8.90	-16%
Final dividend per share (in HK cents)	5.21	3.75	+39%
Full year dividend per share (in HK cents)	7.49	6.68	+12%
Pre-IFRS 16 Basis ⁽¹⁾	2020 HK\$ million	2019 HK\$ million	Change
Service revenue	3,285	3,613	-9%
Service EBITDA ⁽²⁾	1,215	1,173	+4%
Total EBITDA ⁽²⁾	1,237	1,201	+3%
Total EBIT ⁽³⁾	392	393	-
Profit attributable to shareholders	365	428	-15%

Note 1: Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's statutory results for the year ended 31 December 2019 and 31 December 2020 are on an IFRS 16 basis. The Group believes that the precedent lease accounting standard IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on an IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the underlying operational performance. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to shareholders prepared under IAS 17 ("Pre-IFRS 16 basis") relating to the accounting for leases for the year ended 31 December 2019 and 31 December 2020. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis.

Note 2: 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 interest and other finance income, 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.

Note 3: EBIT represents the EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. EBIT is defined as earnings before interest and other finance income, interest and other finance costs and taxation. Information concerning EBIT has been included in the Group's financial information and is used by many industries and investors as one measure of results from operations. The Group considers EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT is not a measure of financial performance under IFRS and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

CHAIRMAN'S STATEMENT

Year 2020 was marked by unprecedented challenges and opportunities. With the COVID-19 pandemic severely impacting millions of people and businesses worldwide, mobility and connectivity have taken on a whole new dimension and become more essential than ever before. Individuals and businesses leaned heavily on technology to stay connected, especially with what they have experienced during the pandemic. During these challenging times, the Group remained undeterred in its steadfast efforts in upholding its services with uncompromised quality in ensuring seamless network connectivity.

In the face of the hardships brought about by the pandemic, the Group delivered a resilient financial performance whilst building strong commercial momentum for the year. Despite a 50% drop in roaming service revenue caused by the prolonged global travel restrictions, local service revenue marginally grew 1% from last year. This increase was mainly attributable to a surge in demand for corporate solutions as businesses shifted to new operating modes during the pandemic. Overall service revenue decreased by 9% to HK\$3,285 million in 2020, when combined with roaming service revenue.

On a Pre-IFRS 16 basis, service EBITDA improved by 4% as cost efficiency enhancement initiatives were successfully emplaced to create a high-efficiency operational environment. Key costs, which comprise CACs, staff costs and other operating expenses were reduced by 15% year-on-year. Despite the negative impact from travel restrictions enforced since the second quarter of 2020, the Group is pleased to report a 5%-point year-on-year growth on service EBITDA margin to 37% attributable to the improved cost structure. The Group's total EBITDA increased by 3% to HK\$1,237 million, while total EBIT stayed flat at HK\$392 million mainly due to the cost efficiency enhancement programme mentioned above offset by the effect of higher depreciation and amortisation subsequent to the launch of 5G network during the year.

On a Post-IFRS 16 basis, the Group's total EBITDA increased by 1% while total EBIT slightly decreased by 1% against last year. Profit attributable to shareholders and earnings per share both decreased by 16% to HK\$361 million and 7.49 HK cents respectively. The decrease was mainly due to lower interest income as the Group's cash balance significantly reduced from HK\$9,555 million at the beginning of 2019 to HK\$5,251 million as of 31 December 2020 after the distribution of HK\$3,855 million special interim dividend and cash settlement of HK\$471 million for the acquisition of a 24.1% interest in the mobile operation in May 2019. The general decrease in interest rate during the second half of the year further aggravated the decline in interest income. Excluding the effect of interest income reduction, profit attributable to shareholders increased by 4% against last year. The impact of IFRS 16 on total EBIT and profit attributable to shareholders of the Group was insignificant.

The total number of customers in Hong Kong and Macau was approximately 3.3 million as of 31 December 2020, compared with approximately 3.7 million as of 31 December 2019. The decrease was mainly driven by a higher disconnection of silent prepaid customers in Macau after the mandatory real-name registration policy was enforced in April 2020. Monthly postpaid churn rate slightly improved by 0.1%-point to 1.1%, mainly attributable to the Group's continuous customer retention efforts. Local postpaid net ARPU increased by 6% to HK\$153 mainly due to increased contributions from the corporate segment.

Dividend

The Board recommends payment of a final dividend of 5.21 HK cents (2019 final dividend: 3.75 HK cents) per share for 2020, which represents a 39% increase against that in 2019, payable on Wednesday, 26 May 2021, to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 14 May 2021, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of 2.28 HK cents per share, the full year dividend will be 12% more than that in 2019 amounts to 7.49 HK cents per share (2019 full year dividend: 6.68 HK cents). The recommended increase in dividend payout was mainly due to the improvement in operational performance during the year as well as the strong financial position of the Group.

Outlook

The economic and social disruptions caused by COVID-19 have been devastating. The unprecedented and permanent impact brought by the pandemic not only affected day-to-day livelihood, but also business operations. While it cannot be predicted as to when the pandemic may be over and uncertainties over the resumption of economic market to normality remain, reliable network connectivity is undeniably crucial in keeping people and businesses connected when charting a sustainable course to recovery.

The full deployment of the ultra-fast, low-latency 5G network with extensive territory-wide 5G radio site coverage during the year had remarkably surpassed the Group's expectations, reaching a significant milestone propelling the customers of the Group into a new era of the 5G smart city.

Looking ahead to 2021, market conditions are expected to remain similar to that of the second half of last year, and it is not anticipated that there would be any meaningful contribution from roaming recovery. Nevertheless, the Group aims to revamp the network coverage in building the best 5G network by June 2021. This, coupled with a reduced cost structure as well as increased distribution points from 30 shops to an expanded network of over 300 outlets at Fortress and PARKnSHOP, are the vital backbone of the Group to driving success in 2021. In addition, through partnerships with Mobile Virtual Network Operators and upcoming Greater Bay Area data plan initiatives, the Group is expected to generate more revenue while leveraging its enhanced network. The Group is looking forward to a solid performance in 2021. Hence, the Board proposed to increase dividend payout to 100% of the profit for the year of 2020. After settling the 5G capital expenditure and evaluation of the potential investment opportunities, the Group will make decision on the surplus cash at the 2021 interim results announcement, at which special dividend could be considered.

As part of its determination to create long-term sustainable value for the stakeholders, the Group will continue to strengthen its sustainability governance and closely monitor the status of the pandemic as well as taking necessary measures to safeguard the interests of its employees and business operations. Finally, I would like to thank the Board of Directors and all staff members for their unwavering dedication, solid professionalism, and their contributions to the Group amid these unprecedentedly challenging times.

FOK Kin Ning, Canning

Chairman

Hong Kong, 26 February 2021

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Performance Summary - Pre-IFRS 16 basis ⁽¹⁾

	2020 HK\$ million	2019 HK\$ million	Change
Revenue	4,545	5,582	-19%
Net customer service revenue	3,285	3,613	-9%
▪ Local service revenue	2,917	2,875	+1%
▪ Roaming service revenue	368	738	-50%
- Data	238	517	-54%
- Non-data	130	221	-41%
Hardware revenue	1,260	1,969	-36%
▪ Bundled sales revenue	345	472	-27%
▪ Standalone handset sales revenue	915	1,497	-39%
Net customer service margin	2,873	3,266	-12%
<i>Net customer service margin %</i>	<i>87%</i>	<i>90%</i>	<i>-3% points</i>
Standalone handset sales margin	22	28	-21%
Total margin	2,895	3,294	-12%
CACs	(525)	(797)	+34%
Less: Bundled sales revenue	345	472	-27%
CACs (net of hardware revenue)	(180)	(325)	+45%
Operating expenses	(1,540)	(1,837)	+16%
<i>Operating expenses as a % of net customer service margin</i>	<i>54%</i>	<i>56%</i>	<i>+2% points</i>
Share of EBITDA of a joint venture	62	69	-10%
EBITDA ⁽²⁾	1,237	1,201	+3%
Service EBITDA ⁽²⁾	1,215	1,173	+4%
<i>Service EBITDA ⁽²⁾ margin %</i>	<i>37%</i>	<i>32%</i>	<i>+5% points</i>
CAPEX (excluding telecommunications licences)	(593)	(503)	-18%
EBITDA ⁽²⁾ less CAPEX	644	698	-8%
Depreciation and amortisation ⁽⁴⁾	(845)	(808)	-5%
EBIT ⁽³⁾	392	393	-
Service EBIT ⁽³⁾	370	365	+1%
Net interest and other finance income ⁽⁴⁾	63	147	-57%
Profit before taxation	455	540	-16%
Taxation ⁽⁴⁾	(90)	(104)	+13%
Profit attributable to non-controlling interests	-	(8)	+100%
Profit attributable to shareholders	365	428	-15%

Financial Performance Summary - Post-IFRS 16 basis ⁽¹⁾

	2020 HK\$ million	2019 HK\$ million	Change
Revenue	4,545	5,582	-19%
Net customer service revenue	3,285	3,613	-9%
▪ Local service revenue	2,917	2,875	+1%
▪ Roaming service revenue	368	738	-50%
- Data	238	517	-54%
- Non-data	130	221	-41%
Hardware revenue	1,260	1,969	-36%
▪ Bundled sales revenue	345	472	-27%
▪ Standalone handset sales revenue	915	1,497	-39%
Net customer service margin	2,873	3,266	-12%
<i>Net customer service margin %</i>	<i>87%</i>	<i>90%</i>	<i>-3% points</i>
Standalone handset sales margin	22	28	-21%
Total margin	2,895	3,294	-12%
CACs	(481)	(744)	+35%
Less: Bundled sales revenue	345	472	-27%
CACs (net of hardware revenue)	(136)	(272)	+50%
Operating expenses	(1,149)	(1,429)	+20%
<i>Operating expenses as a % of net customer service margin</i>	<i>40 %</i>	<i>44%</i>	<i>+4% points</i>
Share of EBITDA of a joint venture	62	69	-10%
EBITDA ⁽²⁾	1,672	1,662	+1%
Service EBITDA ⁽²⁾	1,650	1,634	+1%
<i>Service EBITDA ⁽²⁾ margin %</i>	<i>50%</i>	<i>45%</i>	<i>+5% points</i>
CAPEX (excluding telecommunications licences)	(593)	(503)	-18%
EBITDA ⁽²⁾ less CAPEX	1,079	1,159	-7%
Depreciation and amortisation ⁽⁴⁾	(1,269)	(1,253)	-1%
EBIT ⁽³⁾	403	409	-1%
Service EBIT ⁽³⁾	381	381	-
Net interest and other finance income ⁽⁴⁾	47	132	-64%
Profit before taxation	450	541	-17%
Taxation ⁽⁴⁾	(89)	(104)	+14%
Profit attributable to non-controlling interests	-	(8)	+100%
Profit attributable to shareholders	361	429	-16%

- Note 1: Following the adoption of IFRS 16 “Leases” on 1 January 2019, the Group’s statutory results for the year ended 31 December 2019 and 31 December 2020 are on an IFRS 16 basis. The Group believes that the precedent lease accounting standard IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on an IFRS 16 basis (“Post-IFRS 16 basis”), better reflect management’s view of the underlying operational performance. As a result, the Group has provided an alternative presentation of the Group’s EBITDA, EBIT and profit attributable to shareholders prepared under IAS 17 (“Pre-IFRS 16 basis”) relating to the accounting for leases for the year ended 31 December 2019 and 31 December 2020. Unless otherwise specified, the discussion of the Group’s operating results in this results announcement is on a Pre-IFRS 16 basis.
- Note 2: 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 interest and other finance income, 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.
- Note 3: EBIT represents the EBIT of the Company and subsidiary companies as well as the Group’s share of the EBIT of a joint venture. EBIT is defined as earnings before interest and other finance income, interest and other finance costs and taxation. Information concerning EBIT has been included in the Group’s financial information and is used by many industries and investors as one measure of results from operations. The Group considers EBIT to be an important performance measure which is used in the Group’s internal financial and management reporting to monitor business performance. EBIT is not a measure of financial performance under IFRS and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.
- Note 4: Depreciation and amortisation, net interest and other finance income and taxation include the Group’s share of joint venture’s respective items.

Review of Financial Results

The Group's total revenue, comprising service revenue and hardware revenue, decreased by 19% to HK\$4,545 million (2019: HK\$5,582 million).

Service revenue dropped by 9% to HK\$3,285 million (2019: HK\$3,613 million). The decline was mainly attributable to a 50% decrease in roaming service revenue as a result of the prolonged global travel restrictions. Roaming service revenue accounted for 11% (2019: 20%) of the Group's service revenue. Excluding the roaming impact, local service revenue grew 1% to HK\$2,917 million (2019: HK\$2,875 million). This was mainly driven by a surge in demand for corporate solutions as businesses shifted to new operating modes during the pandemic.

Hardware revenue decreased by 36% to HK\$1,260 million, reflecting the effect of the pandemic on consumer demand as well as the deferred launch and supply of new smartphones as a result of economic slowdown.

The Group continued to implement its cost efficiency enhancement initiatives aimed at streamlining and digitalising workflows. Key costs (Pre-IFRS 16 basis), which comprise CACs, staff costs and other operating expenses were decreased by 15% to HK\$2,132 million.

On a Pre-IFRS 16 basis, service EBITDA improved by 4% as cost efficiency enhancement initiatives were successfully emplaced to create a high-efficiency operational environment. Despite the negative impact on the travel restrictions enforced since the second quarter of 2020, the Group is pleased to report a 5%-point year-on-year growth on service EBITDA margin to 37% attributable to the improved cost structure. The Group's total EBITDA increased by 3% to HK\$1,237 million, while total EBIT stayed flat at HK\$392 million mainly due to the cost efficiency enhancement programme mentioned above offset by the effect of higher depreciation and amortisation subsequent to the launch of 5G network during the year.

On a Post-IFRS 16 basis, the Group's total EBITDA increased by 1% while total EBIT slightly decreased by 1% against last year. Profit attributable to shareholders and earnings per share both decreased by 16% to HK\$361 million and 7.49 HK cents respectively. The decrease was mainly due to lower interest income as the Group's cash balance significantly reduced from HK\$9,555 million at the beginning of 2019 to HK\$5,251 million as of 31 December 2020 after the distribution of HK\$3,855 million special interim dividend and cash settlement of HK\$471 million for the acquisition of a 24.1% interest in the mobile operation in May 2019. The general decrease in interest rate during the second half of the year further aggravated the decline in interest income. Excluding the effect of interest income reduction, profit attributable to shareholders increased by 4% against last year. The impact of IFRS 16 on total EBIT and profit attributable to shareholders of the Group was insignificant.

Key performance indicators

	2020	2019	Change
Number of postpaid customers ('000)	1,427	1,475	-3%
Number of prepaid customers ('000)	1,852	2,180	-15%
Total customers ('000)	3,279	3,655	-10%
Postpaid customers to the total customer base (%)	44%	40%	+4% points
Postpaid customers' contribution to the net customer service revenue (%)	90%	87%	+3% points
Monthly churn rate of postpaid customers (%)	1.1%	1.2%	+0.1% point
Postpaid gross ARPU (HK\$)	196	205	-4%
Postpaid net ARPU (HK\$)	171	176	-3%
Postpaid net AMPU (HK\$)	150	161	-7%
Local postpaid gross ARPU (HK\$)	178	173	+3%
Local postpaid net ARPU (HK\$)	153	144	+6%

The total number of customers in Hong Kong and Macau was approximately 3.3 million as of 31 December 2020, compared with approximately 3.7 million as of 31 December 2019. The decrease was mainly driven by a higher disconnection of silent prepaid customers in Macau after the mandatory real-name registration policy was enforced in April 2020. Monthly postpaid churn rate slightly improved by 0.1%-point to 1.1%, mainly attributable to the Group's continuous customer retention efforts. Local postpaid net ARPU increased by 6% to HK\$153 mainly due to increased contributions from the corporate segment.

Net interest and other finance income

Net interest and other finance income (Post-IFRS 16 basis, with share of a joint venture) amounted to HK\$47 million in 2020, compared with HK\$132 million in 2019. The decrease was mainly due to lower interest income as net cash balance was reduced from HK\$9,555 million at the beginning of 2019 to HK\$5,251 million as of 31 December 2020 after the distribution of HK\$3,855 million special interim dividend and cash settlement of HK\$471 million for the acquisition of a 24.1% interest in the mobile operation in May 2019. The general decrease in interest rate during the second half of the year further aggravated the decline in interest income.

The Group continues to maintain a healthy financial position. As of 31 December 2020, the Group's net cash position was HK\$5,251 million (as of 31 December 2019: HK\$5,416 million).

Capital expenditure

Capital expenditure on property, plant and equipment, which accounted for 18% (2019: 14%) of the Group's service revenue, increased by 18% to HK\$593 million. This increase was mainly due to capital expenditure on developing the 5G network. While escalating expenditure in 5G network development is expected in the coming year, the Group continues to scrutinise its projects with care and prudence to ensure that resources are properly utilised.

Summary of spectrum investment as of 31 December 2020

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

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

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$ million	2019 HK\$ million
Revenue	4	4,545	5,582
Cost of inventories sold		(1,238)	(1,941)
Staff costs		(316)	(376)
Expensed customer acquisition and retention costs		(60)	(202)
Depreciation and amortisation		(1,224)	(1,207)
Other operating expenses	6	(1,321)	(1,470)
		<u>386</u>	<u>386</u>
Interest and other finance income	7	104	188
Interest and other finance costs	7	(42)	(35)
Share of result of a joint venture		(4)	(4)
		<u>444</u>	<u>535</u>
Profit before taxation			
Taxation	8	(83)	(98)
		<u>361</u>	<u>437</u>
Profit for the year		<u><u>361</u></u>	<u><u>437</u></u>
Attributable to:			
Shareholders of the Company		361	429
Non-controlling interests		-	8
		<u>361</u>	<u>437</u>
		<u><u>361</u></u>	<u><u>437</u></u>
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic	9	7.49	8.90
		<u>7.49</u>	<u>8.90</u>
- diluted	9	7.49	8.90
		<u>7.49</u>	<u>8.90</u>
		<u><u>7.49</u></u>	<u><u>8.90</u></u>

Details of interim dividends paid and proposed final dividend payable to shareholders of the Company are set out in Note 10.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$ million	2019 HK\$ million
Profit for the year	361	437
Other comprehensive income		
Item that will not be reclassified subsequently to income statement in subsequent periods:		
- Remeasurements of defined benefit plans	13	8
Item that may be reclassified subsequently to income statement in subsequent periods:		
- Currency translation differences	1	-
Total comprehensive income for the year, net of tax	<u>375</u>	<u>445</u>
Total comprehensive income attributable to:		
Shareholders of the Company	375	437
Non-controlling interests	-	8
	<u>375</u>	<u>445</u>

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	2020 HK\$ million	2019 HK\$ million
Non-current assets			
Property, plant and equipment		2,551	2,326
Goodwill		2,155	2,155
Telecommunications licences		2,174	2,238
Right-of-use assets		540	435
Customer acquisition and retention costs		145	142
Contract assets		148	173
Other non-current assets		310	227
Deferred tax assets		86	169
Investment in a joint venture		282	336
Total non-current assets		8,391	8,201
Current assets			
Cash and cash equivalents	11	5,251	5,416
Trade receivables and other current assets	12	839	564
Contract assets		241	240
Inventories		92	55
Total current assets		6,423	6,275
Current liabilities			
Trade and other payables	13	1,495	1,509
Contract liabilities		183	142
Lease liabilities		335	300
Current income tax liabilities		-	24
Total current liabilities		2,013	1,975
Non-current liabilities			
Lease liabilities		189	129
Other non-current liabilities		565	409
Total non-current liabilities		754	538
Net assets		12,047	11,963
Capital and reserves			
Share capital		1,205	1,205
Reserves		10,842	10,758
Total equity		12,047	11,963

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to shareholders of the Company						Total equity HK\$ million
	Share capital HK\$ million	Share premium HK\$ million	Accumulated losses HK\$ million	Exchange reserve HK\$ million	Pension reserve HK\$ million	Other reserves HK\$ million	
At 1 January 2020	1,205	11,185	(286)	-	148	(289)	11,963
Profit for the year	-	-	361	-	-	-	361
Other comprehensive income							
Remeasurements of defined benefit plans	-	-	-	-	13	-	13
Currency translation differences	-	-	-	1	-	-	1
Total comprehensive income, net of tax	-	-	361	1	13	-	375
Dividend paid (Note 10)	-	-	(291)	-	-	-	(291)
Transfer between reserves	-	-	(25)	-	25	-	-
At 31 December 2020	1,205	11,185	(241)	1	186	(289)	12,047

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to shareholders of the Company						Non-controlling interests HK\$ million	Total equity HK\$ million
	Share capital HK\$ million	Share premium HK\$ million	Retained earnings/ (accumulated losses) HK\$ million	Pension reserve HK\$ million	Other reserves HK\$ million	Total HK\$ million		
At 1 January 2019	1,205	11,185	3,435	140	4	15,969	170	16,139
Profit for the year	-	-	429	-	-	429	8	437
Other comprehensive income Remeasurements of defined benefit plans	-	-	-	8	-	8	-	8
Total comprehensive income, net of tax	-	-	429	8	-	437	8	445
Dividend paid	-	-	(4,150)	-	-	(4,150)	-	(4,150)
Acquisition of non-controlling interests ⁽ⁱ⁾	-	-	-	-	(293)	(293)	(178)	(471)
At 31 December 2019	<u>1,205</u>	<u>11,185</u>	<u>(286)</u>	<u>148</u>	<u>(289)</u>	<u>11,963</u>	<u>-</u>	<u>11,963</u>

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$ million	2019 HK\$ million
Cash flows from operating activities			
Cash generated from operations		1,348	1,512
Interest and other finance costs paid		(27)	(27)
Tax paid		(24)	-
Net cash from operating activities		<u>1,297</u>	<u>1,485</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(593)	(503)
Additions to telecommunications licences		(202)	(203)
Proceeds from disposals of property, plant and equipment		-	1
Interest received		101	200
Loan to a joint venture		(55)	(50)
Net cash used in investing activities		<u>(749)</u>	<u>(555)</u>
Cash flows from financing activities			
Principal elements of lease payments		(422)	(448)
Dividend paid to the shareholders of the Company	10	(291)	(4,150)
Acquisition of non-controlling interests		-	(471)
Net cash used in financing activities		<u>(713)</u>	<u>(5,069)</u>
Decrease in cash and cash equivalents		(165)	(4,139)
Cash and cash equivalents at 1 January		5,416	9,555
Cash and cash equivalents at 31 December		<u>5,251</u>	<u>5,416</u>

NOTES

1 General Information

Hutchison Telecommunications Hong Kong Holdings Limited 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 Group is engaged in mobile telecommunications business in Hong Kong and Macau. The shares of the Company are listed on the Main Board of the Stock Exchange.

The consolidated financial statements of the Group are presented in Hong Kong dollars, unless otherwise stated. These financial statements were approved for issuance by the Board on 26 February 2021.

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

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 ultimate impact of the COVID-19 pandemic on the Group remained uncertain at the date on which the consolidated financial statements were approved for issuance. Management has assessed the potential cash generation and the liquidity of the Group, and mitigating actions which have been and may be taken to reduce discretionary spending, other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, the Group has determined that, at the date on which the consolidated financial statements were approved for issuance, the use of the going concern basis to prepare the consolidated financial statements is appropriate.

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS as issued by the 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).

2 Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

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.

(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 effective for accounting periods beginning on 1 January 2020 (except IFRS 16 (Amendment)):

IAS 1 and IAS 8 (Amendments)	Definition of Material
IFRS 3 (Amendments)	Definition of a Business
IFRS 7, IFRS 9 and IAS 39 (Amendments)	Interest Rate Benchmark Reform
IFRS 16 (Amendment) ⁽ⁱ⁾	COVID-19-Related Rent Concessions

(i) The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The Group has early adopted the amendment ahead of its effective date and applied the practical expedient to all its COVID-19-related rent concessions from 1 January 2020.

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 2020:

Annual Improvement Projects ⁽ⁱⁱ⁾	Annual Improvements 2018 - 2020 Cycle
IAS 1 (Amendments) ⁽ⁱⁱⁱ⁾	Classification of Liabilities as Current or Non-Current
IAS 16 (Amendments) ⁽ⁱⁱ⁾	Proceeds before Intended Use
IAS 37 (Amendments) ⁽ⁱⁱ⁾	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments) ⁽ⁱⁱ⁾	Reference to the Conceptual Framework
IFRS 4 (Amendments) ⁽ⁱⁱⁱ⁾	Expiry Date of the Deferral Approach
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (Amendments) ⁽ⁱ⁾	Interest Rate Benchmark Reform – Phase 2
IFRS 10 and IAS 28 (Amendments) ^(iv)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 17 ⁽ⁱⁱⁱ⁾	Insurance Contracts

(i) Effective for annual periods beginning on or after 1 January 2021

(ii) Effective for annual periods beginning on or after 1 January 2022

(iii) Effective for annual periods beginning on or after 1 January 2023

(iv) 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.

3 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 2020, the carrying amount of the mobile telecommunications infrastructure and network equipment was approximately HK\$1,911 million (2019: HK\$1,722 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.

(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, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

3 Critical Accounting Estimates and Judgements (Continued)

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

In assessing whether these assets have suffered any impairment, the carrying value of the CGU is compared with its recoverable amount, which is the higher of the fair value less costs to dispose and value in use. The recoverable amounts of CGUs have been determined based on value-in-use calculation, which is 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 value-in-use 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 CGU 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, long-term 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) Allocation of revenue for bundled transactions with customers

The Group has bundled transactions under contracts with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised for each performance obligation is determined by considering the standalone selling prices at contract inception of each distinct service element and hardware element of the contract and allocating the revenue in proportion based on these standalone selling prices. Significant judgement is required in assessing the standalone selling prices of these elements, including observable prices or estimated prices based on adjusted market assessment approach. Changes in the estimated standalone selling prices may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout the contract term. The Group periodically re-assesses the allocation basis as a result of changes in market conditions.

3 Critical Accounting Estimates and Judgements (Continued)

(e) Deferred taxation

Management has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the recognition criteria for deferred tax assets recorded in relation to cumulative tax loss carried forward. The assumptions regarding future profitability of various subsidiaries require significant judgements, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations. As at 31 December 2020, the Group has recognised deferred tax assets of approximately HK\$86 million (2019: HK\$169 million).

4 Revenue

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

	2020 HK\$ million	2019 HK\$ million
Mobile telecommunications and other related service	3,285	3,613
Telecommunications hardware	1,260	1,969
	<u>4,545</u>	<u>5,582</u>

(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:

	2020 HK\$ million	2019 HK\$ million
Timing of revenue recognition:		
Over time	3,285	3,613
At a point in time	1,260	1,969
	<u>4,545</u>	<u>5,582</u>

4 Revenue (Continued)

(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 2020 was HK\$2,672 million (2019: HK\$2,804 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2020 HK\$ million	2019 HK\$ million
Not later than 1 year	1,700	1,769
After 1 year, but within 5 years	965	1,029
After 5 years	7	6
	<u>2,672</u>	<u>2,804</u>

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.

5 Segment Information

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

6 Other Operating Expenses

	2020 HK\$ million	2019 HK\$ million
Cost of services provided ⁽ⁱ⁾	1,246	1,255
General administrative and distribution costs	107	162
Rental expenses in respect of buildings	25	27
Loss on disposals of property, plant and equipment	-	1
Auditors' remuneration	6	7
Loss allowance provision	22	18
Wage, salary and other subsidies ⁽ⁱⁱ⁾	(85)	-
Total	<u>1,321</u>	<u>1,470</u>

(i) Include interconnection charges, roaming costs and other network operating costs.

(ii) Benefits received from the governments and other companies mainly derived from the Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region.

7 Interest and Other Finance Income, Net

	2020 HK\$ million	2019 HK\$ million
Interest and other finance income:		
Bank interest income	89	167
Interest income from a joint venture	15	21
	<u>104</u>	<u>188</u>
Interest and other finance costs:		
Notional non-cash interest accretion ⁽ⁱ⁾	(30)	(23)
Guarantee and other finance fees	(12)	(12)
	<u>(42)</u>	<u>(35)</u>
Interest and other finance income, net	<u>62</u>	<u>153</u>

(i) Notional non-cash 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.

8 Taxation

	2020		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	1	83	84
Outside Hong Kong	(1)	-	(1)
	<u>-</u>	<u>83</u>	<u>83</u>
	<u>-</u>	<u>83</u>	<u>83</u>
	2019		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	10	90	100
Outside Hong Kong	(2)	-	(2)
	<u>8</u>	<u>90</u>	<u>98</u>
	<u>8</u>	<u>90</u>	<u>98</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.

9 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK\$361 million (2019: HK\$429 million) and on the weighted average number of 4,819,096,208 (2019: 4,819,033,194) ordinary shares in issue during the year.

The diluted earnings per share for the year ended 31 December 2020 is the same as basic earnings per share as there is no potential dilutive shares during the year.

The diluted earnings per share for the year ended 31 December 2019 was calculated by adjusting the weighted average number of 4,819,033,194 ordinary shares in issue with the weighted average number of 43,183 ordinary shares deemed to be issued assuming the exercise of the share options.

10 Dividends

	2020 HK\$ million	2019 HK\$ million
Interim, paid of 2.28 HK cents per share (2019: 2.93 HK cents per share)	110	141
Final, proposed of 5.21 HK cents per share (2019: 3.75 HK cents per share)	251	181
	<u>361</u>	<u>322</u>

11 Cash and Cash Equivalents

	2020 HK\$ million	2019 HK\$ million
Cash at banks and in hand	131	117
Short-term bank deposits	5,120	5,299
	<u>5,251</u>	<u>5,416</u>

As at 31 December 2020, the weighted average interest rate on short-term bank deposits was 0.55% (2019: 2.85%) per annum.

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

12 Trade Receivables and Other Current Assets

	2020 HK\$ million	2019 HK\$ million
Trade receivables	288	303
Less: Loss allowance provision	(47)	(42)
	<u>241</u>	<u>261</u>
Trade receivables, net of provision ^(a)	241	261
Other receivables	75	101
Prepayments and deposits	523	202
	<u>839</u>	<u>564</u>
	<u><u>839</u></u>	<u><u>564</u></u>

The carrying values of trade receivables, other receivables and deposits approximate their fair values. The Group has established credit policies for customers. The average credit period granted for trade receivables ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on individual commercial terms. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(a) Trade receivables, net of provision

	2020 HK\$ million	2019 HK\$ million
--	----------------------	----------------------

The ageing analysis of trade receivables, by invoice date, net of loss allowance provision is as follows:

0 - 30 days	146	146
31 - 60 days	36	43
61 - 90 days	9	14
Over 90 days	50	58
	<u>241</u>	<u>261</u>
	<u><u>241</u></u>	<u><u>261</u></u>

13 Trade and Other Payables

	2020 HK\$ million	2019 HK\$ million
Trade payables ^(a)	221	325
Other payables and accruals	1,125	1,009
Receipts in advance	89	102
Current portion of licence fees liabilities	60	73
	<u>1,495</u>	<u>1,509</u>

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

(a) Trade payables

	2020 HK\$ million	2019 HK\$ million
--	----------------------	----------------------

The ageing analysis of trade payables is as follows:

0 - 30 days	129	180
31 - 60 days	12	20
61 - 90 days	10	13
Over 90 days	70	112
	<u>221</u>	<u>325</u>

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 receivables or 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 2020, the Group recorded share capital of HK\$1,205 million and total equity of HK\$12,047 million.

As at 31 December 2020, the net cash of the Group was HK\$5,251 million (2019: HK\$5,416 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies.

Charges on Group Assets

As at 31 December 2020, 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 2020 (2019: Nil).

Contingent Liabilities

As at 31 December 2020, the Group provided performance and financial guarantees of HK\$330 million, including the related performance bonds on 5G spectrums (2019: HK\$106 million).

Commitments

As at 31 December 2020, the Group had total capital commitments of property, plant and equipment of HK\$502 million (2019: HK\$271 million) and telecommunications licences of HK\$2,040 million (2019: HK\$2,242 million). The increase in capital commitments referred to the investment in 5G network during the year.

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

Corporate Strategy

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for shareholders. Please refer to the Chairman's Statement, and Management Discussion and Analysis for discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objectives of the Group.

Past Performance and Forward-looking Statements

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

Human Resources

As at 31 December 2020, the Group employed 990 (2019: 986) staff members (full-time and part-time) and on average 978 (2019: 1,112) staff members during the year ended 31 December 2020. Staff costs during the year ended 31 December 2020, including directors' emoluments, totalled HK\$316 million (2019: HK\$376 million).

The Group fully recognises the importance of high-quality human resources in sustaining market leadership. Salary and benefits are kept at competitive levels, while individual performance is rewarded within the general framework of the salary, bonus and incentive system of the Group, which is reviewed annually. Employees are provided with a wide range of benefits that include medical coverage, provident funds and retirement plans, and long-service awards. The Group stresses the importance of staff development and provides training programmes on an ongoing basis. Employees are also encouraged to play an active role in community care activities.

Sustainability

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning corporate social responsibility and sustainability objectives to the strategic development of its businesses. The Group is committed to contributing to sustainable living by providing connectivity and innovative services to its customers, while building trust with all stakeholders by behaving ethically and responsibly. Its sustainability governance structure encompasses all business divisions of the Group to ensure their operations and practices adhere to the commitment to sustainability.

The Sustainability Committee was formed as a Board committee during the year to strengthen the corporate governance and reporting framework of the Company along with the Sustainability Working Group, the Governance Working Group, and the Cyber Security Working Group to spearhead the sustainability initiatives and activities of the Group. The Sustainability Committee advises the Board and oversees the development and implementation of the Group's corporate social responsibility and sustainability initiatives, including reviewing related policies and practices as well as assessing and making recommendations on matters pertaining to the Group's sustainability governance, strategies, planning and risks management.

The Group's overall sustainability approach and priorities are built on four pillars: Business, People, Environment and Community. These four pillars guide the Group in setting the overall direction of its sustainability strategies for implementation across its businesses. The Business Pillar focuses on sustainable development of its businesses with high standard of corporate governance and uncompromising integrity. The People Pillar connects the Group to its employees to foster a collaborative, diverse and safe working environment for long-term success. The Group is also conscious of the environmental impact associated with its business activities. The Environment Pillar guides the Group to monitoring and managing the use of resources, minimising the impact of its business activities on the environment and natural resources as well as setting targets. Apart from environmental impact on communities, the Community Pillar encourages collaboration with local communities and charities to develop programmes relating to employee volunteerism, education, medical, health, elderly care, arts and culture, sports, as well as disaster relief to give back to its communities. Each of these pillars is supported by the corresponding Group policies, leadership and the collective efforts of the entire business to support management in addressing material sustainability issues across the Group.

Review of Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company and audited by the independent auditor of the Company, PricewaterhouseCoopers. The unqualified independent auditor's report will be included in the Annual Report to shareholders.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 5 May 2021 to Monday, 10 May 2021, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2021 Annual General Meeting (or at any adjournment or postponement thereof). All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar of the Company (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Tuesday, 4 May 2021.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Friday, 14 May 2021. In order to qualify for the proposed final dividend payable on Wednesday, 26 May 2021, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar of the Company (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Friday, 14 May 2021.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

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

The Company has complied throughout 2020 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, other than that summarised below.

The current Nomination Committee comprising a majority of Independent Non-executive Directors and chaired by an Independent Non-executive Director is in compliance with the code provision. Prior to 1 December 2020, the Nomination Committee comprised all Directors as members with ad hoc sub-committee, comprising a majority of Independent Non-executive Directors and in compliance with the code provision requirements under the Listing Rules, established to facilitate the selection and nomination process.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted its own HTHKH Securities Code regulating Directors' dealings in securities (Group and otherwise) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with HTHKH Securities Code in their securities transactions throughout 2020.

Annual General Meeting

The Annual General Meeting of the Company will be held on Monday, 10 May 2021. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

DEFINITIONS

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

“Board”	the Board of Directors
“CACs”	expensed customer acquisition and retention costs plus the related staff costs, rental and other expenses
“CGU”	cash-generating unit
“CKHH”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“CKHH Group”	CKHH and its subsidiaries
“Company” or “HTHKH”	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215)
“COVID-19”	coronavirus disease 2019
“Director(s)”	director(s) of the Company
“EBIT”	earnings before interest and other finance income, interest and other finance costs, taxation, adjusted to include the Group’s proportionate share of joint venture’s EBIT
“EBITDA”	earnings before interest and other finance income, interest and other finance costs, taxation, depreciation and amortisation, adjusted to include the Group’s proportionate share of joint venture’s EBITDA
“Group”	the Company and its subsidiaries
“H3GHK”	Hutchison 3G HK Holdings Limited
“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
“HTCL”	Hutchison Telephone Company Limited
“HTHKH Securities Code”	Model Code for Securities Transactions by Directors
“HTMCL”	Hutchison Telephone (Macau) Company Limited
“IASB”	International Accounting Standards Board
“IAS”	International Accounting Standards

DEFINITIONS (continued)

“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 in a bundled plan
“Postpaid net AMPU”	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
“Postpaid net ARPU”	monthly average spending per postpaid user excluding revenue related to handset under the non-subsidised handset business model
“service EBITDA / EBIT”	EBITDA / EBIT excluding standalone handset sales margin
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and Non-executive Directors:

Mr LUI Dennis Pok Man
Mr WOO Chiu Man, Cliff

Executive Director:

Mr KOO Sing Fai

Non-executive Directors:

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

Independent Non-executive Directors:

Mr IP Yuk Keung
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna