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 2021

HIGHLIGHTS

	2021 HK$ million	2020 HK$ million	Change
Total revenue	**5,385**	4,545	+18%
Local service revenue	***2,980***	*2,917*	*+2%*
Total EBITDA (1)	**1,477**	1,672	-12%
Total EBIT (2)	**132**	403	-67%
Profit attributable to shareholders	**4**	361	-99%
Earnings per share (in HK cents)	**0.08**	7.49	-99%
Final dividend per share (in HK cents)	**5.21**	5.21	-
Special interim dividend per share (in HK cents) (3)	**19.80**	-	N/A
Full year dividend per share (in HK cents)	**27.29**	7.49	264%

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

Note 2: 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 net interest and other finance (costs)/income 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 3: Special interim dividend of 19.80 HK cents per share declared on 27 July 2021 was paid to shareholders on 3 September 2021.

CHAIRMAN'S STATEMENT

The ongoing COVID-19 crisis has been a significant challenge for many individuals and businesses over the past year. Nevertheless, with its reliable connectivity and innovative services throughout the period, the Group has continuously demonstrated its agility and resilience to the constantly changing market dynamics and changes in the demand for telecommunications services.

In spite of the tough operating environment and an unprecedented period of uncertainty, total revenue of the Group in 2021 grew by HK$840 million or 18% to HK$5,385 million. This growth was driven primarily by an encouraging 70% growth in hardware and other product revenue, as well as a 35% increase in revenue from corporate solutions, partially offset by a 29% decline in roaming revenue, reflecting the full year impact of the prolonged travel restrictions which had been in place since the second quarter of 2020.

EBITDA of the Group decreased by HK$195 million or 12% compared to last year. Besides the lower roaming revenue, the decrease in EBITDA was primarily a result of increased network costs associated with the Group's investment in advanced 5G technology and its network coverage expansion. Even though the Group reduced its own-store presence during the year, its ongoing collaboration with the retail chain of the A.S. Watson group of companies, one of the leading and largest retail networks in Hong Kong, combined with the cost efficiency enhancement initiatives implemented in 2020, had generated valuable synergies and partly offset the pressure of rising network costs.

EBIT of the Group decreased by HK$271 million or 67% compared to last year. In addition to the factors mentioned above, the decrease in EBIT was due to a 6% increase in depreciation and amortisation resulting from investments in expanding the network coverage and launch of 5G network during 2020, along with the renewal of existing spectrums with higher spectrum utilisation fees.

Profit attributable to shareholders and earnings per share both decreased by 99%, to HK$4 million and 0.08 HK cents respectively. The decrease was mainly due to the aforementioned factors affecting EBITDA and EBIT, as well as the lower interest income as both the bank deposit rate and the Group's cash and bank balances decreased. The cash and bank balances of the Group decreased from HK$5,416 million at the beginning of 2020 to HK$3,975 million as of 31 December 2021, following the distribution of a special interim dividend of HK$954 million in September 2021.

As of 31 December 2021, the Group had approximately 3.2 million total customers in Hong Kong and Macau, compared with approximately 3.3 million as of 31 December 2020. This slight decrease was primarily due to the full year impact of the mandatory real-name registration requirement in Macau for prepaid customers which was enacted in April 2020. Such decrease was in turn partly offset by the newly-acquired prepaid customers after the launch of SoSIM in November 2020 in Hong Kong. Although the termination of 2G network services had led to a slight increase in churn, the monthly postpaid churn rate remained healthy at 1.2%. The net ARPU for local postpaid services increased by 4% to HK$159, primarily due to higher contributions from the corporate segment and customers upgrade to 5G services.

Dividend

The Board recommends payment of a final dividend of 5.21 HK cents per share for 2021 (2020 final dividend: 5.21 HK cents), in line with last year, payable on Thursday, 26 May 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 17 May 2022, 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 and a special interim dividend of 19.80 HK cents per share, the full year dividend of 27.29 HK cents per share will be 264% more than that declared in 2020 (2020 full year dividend: 7.49 HK cents).

Outlook

Since the pandemic began, the Group had adapted and responded swiftly to the accelerating digitisation demands. Although COVID-19 variants and uncertainties surrounding the recovery had continued to pose challenges, the Group remains confident in its robust and advanced network connectivity as well as its innovation offerings to sustain a solid commercial momentum leading into the post-COVID-19 recovery.

The business environment is expected to remain challenging in 2022. In spite of that, the Group will continue to pursue a digital focus and introduce new business models and innovative solutions. The Group's advanced 5G broadband services provide ultra-fast, seamless connectivity for households and businesses. Together with the expanded distribution network of over 500 outlets through collaborations with the A.S. Watson group of companies, new synergistic values have been created, leading to an optimistic business outlook.

The Board is confident that, with steady growth in local service revenue and a gradual 5G services upgrade, as well as the launch of 5G broadband services for residential and corporate businesses, the Group will continue to deliver solid local operating results and maintain strong cash flow in the year ahead. Thus, the Group targets to deliver a dividend similar to that of 2020 next year. As the Group continues to review its cash position, it may consider declaring another special dividend at the time of its interim results announcement in 2022.

Meanwhile, the Group remains committed to understanding the environmental impact of its operations and looking for ways to drive positive environmental and social change. It continues to develop business strategies that place a greater emphasis on sustainability, which will maximise the long-term value for its stakeholders.

To conclude, I would like to thank the Board of Directors and all staff members for the dedication, diligence, and professionalism they have displayed throughout the year and for their valuable contributions to the Group during this challenging period.

FOK Kin Ning, Canning
Chairman

Hong Kong, 25 February 2022

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Performance Summary

	2021 HK$ million	2020 HK$ million	Change
Revenue	**5,385**	4,545	+18%
Net customer service revenue	**3,241**	3,285	-1%
• Local service revenue	**2,980**	2,917	+2%
• Roaming service revenue	**261**	368	-29%
- Data	**179**	238	-25%
- Non-data	**82**	130	-37%
Hardware and other product revenue	**2,144**	1,260	+70%
• Bundled sales revenue	**395**	345	+14%
• Standalone sales revenue	**1,749**	915	+91%
Net customer service margin	**2,817**	2,873	-2%
Net customer service margin %	***87%***	*87%*	-
Standalone hardware and other product sales margin	**62**	22	+182%
Total margin	**2,879**	2,895	-1%
- CACs	**(529)**	(481)	-10%
- Less: Bundled sales revenue	**395**	345	+14%
CACs (net of hardware and other product revenue)	**(134)**	(136)	+1%
Operating expenses	**(1,325)**	(1,149)	-15%
Operating expenses as a % of net customer service margin	***47%***	*40%*	*-7% points*
Share of EBITDA of a joint venture	**57**	62	-8%
EBITDA (1)	**1,477**	1,672	-12%
Service EBITDA (1)	**1,415**	1,650	-14%
Service EBITDA (1) margin %	***44%***	*50%*	*-6% points*
CAPEX (excluding telecommunications licences)	**(874)**	(593)	-47%
EBITDA (1) less CAPEX	**603**	1,079	-44%
Depreciation and amortisation (3)	**(1,345)**	(1,269)	-6%
EBIT (2)	**132**	403	-67%
Service EBIT (2)	**70**	381	-82%
Net interest and other finance (costs)/income (3)	**(40)**	47	-185%
Profit before taxation	**92**	450	-80%
Taxation (3)	**(88)**	(89)	+1%
Profit attributable to shareholders	**4**	361	-99%

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

Note 2: 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 net interest and other finance (costs)/income 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 3: Depreciation and amortisation, net interest and other finance (costs)/income and taxation include the Group's share of joint venture's respective items.

Review of Financial Results

Revenue of the Group, including service revenue and hardware and other product revenue, increased 18% to HK$ 5,385 million (2020: HK$4,545 million).

Service revenue declined by 1% to HK$3,241 million (2020: HK$3,285 million), attributable to a HK$107 million or a 29% drop in roaming revenue due to the full year impact of continuous travel restrictions that had been in place since the second quarter of 2020. Excluding the impact on roaming business, local service revenue increased by 2% to HK$2,980 million (2020: HK$2,917 million). This was mainly driven by a 35% increase in revenue from corporate solutions as a result of accelerated digital transformation during the pandemic.

Hardware and other product revenue increased by HK$884 million or 70% to HK$2,144 million, mainly due to delay in the launch and supply schedule of new smartphones in 2020.

Operating costs, which comprise CACs, staff costs and other operating expenses, increased by HK$186 million or 11% to HK$1,883 million (2020: HK$1,697 million). The increase was primarily the result of higher network costs associated with the Group's investment in advanced 5G technology and its network coverage expansion, but was partly offset by the improved structural cost base as driven by the reduced own-store presence following its collaboration with the retail chain of the A.S. Watson group of companies, combined with the cost efficiency enhancement initiatives implemented in 2020.

EBITDA decreased by HK$195 million or 12% to HK$1,477 million mainly due to the factors mentioned above. EBIT decreased by HK$271 million or 67% compared to last year to HK$132 million. The decrease was mainly due to a 6% increase in depreciation and amortisation resulting from investments in expanding the network coverage and launch of 5G network during 2020, along with the renewal of existing spectrums with higher spectrum utilisation fees.

Profit attributable to shareholders and earnings per share both decreased by 99%, to HK$4 million and 0.08 HK cents respectively. The decrease was mainly due to the aforementioned factors affecting EBITDA and EBIT, as well as the lower interest income as both the bank deposit rate and the Group's cash and bank balances decreased. The cash and bank balances of the Group decreased from HK$5,416 million at the beginning of 2020 to HK$3,975 million as of 31 December 2021, following the distribution of a special interim dividend of HK$954 million in September 2021.

Key performance indicators

	2021	2020	Change
Number of postpaid customers (‘000)	1,442	1,427	+1%
Number of prepaid customers (‘000)	1,760	1,852	-5%
Total customers (‘000)	3,202	3,279	-2%
Postpaid customers to total customer base (%)	45%	44%	+1% point
Postpaid customers’ contribution to net customer service revenue (%)	90%	90%	-
Monthly churn rate of postpaid customers (%)	1.2%	1.1%	-0.1% point
Postpaid gross ARPU (HK$)	192	196	-2%
Postpaid net ARPU (HK$)	171	171	-
Postpaid net AMPU (HK$)	148	150	-1%
Local postpaid gross ARPU (HK$)	180	178	+1%
Local postpaid net ARPU (HK$)	159	153	+4%

As of 31 December 2021, the Group had approximately 3.2 million total customers in Hong Kong and Macau, compared with approximately 3.3 million as of 31 December 2020. This slight decrease was primarily due to the full year impact of the mandatory real-name registration requirement in Macau for prepaid customers which was enacted in April 2020. Such decrease was in turn partly offset by the newly-acquired prepaid customers after the launch of SoSIM in November 2020 in Hong Kong. Although the termination of 2G network services had led to a slight increase in churn, the monthly postpaid churn rate remained healthy at 1.2%. The net ARPU for local postpaid services increased by 4% to HK$159, primarily due to higher contributions from the corporate segment and customers upgrade to 5G services.

Net interest and other finance costs

Net interest and other finance costs (including share of a joint venture) were HK$40 million in 2021, compared with a net income of HK$47 million in 2020. The decrease was primarily a result of significant drop in bank deposit rates from an average of 1.72% in 2020 to an average of 0.31% in 2021, along with a reduction in cash and bank balances from HK$5,416 million at the beginning of 2020 to HK$3,975 million as of 31 December 2021 following the distribution of a special interim dividend of HK$954 million in September 2021 and the settlement of 5G investment and spectrum spending.

The Group continues to maintain a healthy financial position. As of 31 December 2021, the cash and bank balances of the Group were HK$3,975 million (as of 31 December 2020: HK$5,251 million).

Capital expenditure

Capital expenditure on property, plant and equipment, which accounted for 27% (2020: 18%) of the Group's service revenue, increased by 47% to HK$874 million. This increase was mainly due to capital investments in 5G infrastructure during the year. The Group continues to scrutinise its projects with care and prudence to ensure that resources are properly utilised to meet operational and technological demands.

Summary of spectrum investment as of 31 December 2021

	Spectrum band	Bandwidth	Year of expiry
Hong Kong	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 ❶	2024
	2600 MHz	10 MHz ❶	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

❶ 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 2021

	Note	2021 HK$ million	2020 HK$ million
Revenue	4	5,385	4,545
Cost of inventories sold		(2,082)	(1,238)
Staff costs		(301)	(316)
Expensed customer acquisition and retention costs		(60)	(60)
Depreciation and amortisation		(1,300)	(1,224)
Other operating expenses	6	(1,522)	(1,321)
		120	386
Interest and other finance income	7	24	104
Interest and other finance costs	7	(54)	(42)
Share of result of a joint venture		(4)	(4)
Profit before taxation		86	444
Taxation	8	(82)	(83)
Profit for the year		4	361
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic and diluted	9	0.08	7.49

Details of interim dividend and special interim dividend 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 2021

	2021 HK$ million	2020 HK$ million
Profit for the year	4	361
Other comprehensive income		
Item that will not be reclassified subsequently to income statement in subsequent periods:		
- Remeasurements of defined benefit plans	79	13
Item that may be reclassified subsequently to income statement in subsequent periods:		
- Currency translation differences	-	1
Total comprehensive income for the year attributable to shareholders of the Company, net of tax	83	375

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	2021 HK$ million	2020 HK$ million
Non-current assets			
Property, plant and equipment		3,001	2,551
Goodwill		2,155	2,155
Telecommunications licences		3,900	2,174
Right-of-use assets		467	540
Customer acquisition and retention costs		165	145
Contract assets		159	148
Other non-current assets		403	310
Deferred tax assets		4	86
Investment in a joint venture		215	282
Total non-current assets		10,469	8,391
Current assets			
Cash and cash equivalents	11	1,414	5,251
Short-term bank deposits with original maturity beyond 3 months	11	2,561	-
Trade receivables and other current assets	12	729	839
Contract assets		177	241
Inventories		96	92
Total current assets		4,977	6,423
Current liabilities			
Trade and other payables	13	1,693	1,495
Contract liabilities		163	183
Lease liabilities		289	335
Total current liabilities		2,145	2,013
Non-current liabilities			
Lease liabilities		128	189
Other non-current liabilities		2,358	565
Total non-current liabilities		2,486	754
Net assets		10,815	12,047
Capital and reserves			
Share capital		1,205	1,205
Reserves		9,610	10,842
Total equity		10,815	12,047

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves [i] HK$ million	Total HK$ million
At 1 January 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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves [(i)] HK$ million	Total HK$ million
At 1 January 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	-	-	(291)	-	-	-	(291)
Transfer between reserves	-	-	(25)	-	25	-	-
At 31 December 2020	1,205	11,185	(241)	1	186	(289)	12,047

(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.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 HK$ million	2020 HK$ million
Cash flows from operating activities		
Cash generated from operations	3,398	1,348
Interest and other finance costs paid	(22)	(27)
Tax paid	-	(24)
Net cash from operating activities	3,376	1,297
Cash flows from investing activities		
Purchases of property, plant and equipment	(874)	(593)
Additions to telecommunications licences	(2,040)	(202)
Increase in short-term bank deposits with original maturity beyond 3 months	(2,561)	-
Interest received	16	101
Loan to a joint venture	(41)	(55)
Net cash used in investing activities	(5,500)	(749)
Cash flows from financing activities		
Principal elements of lease payments	(398)	(422)
Dividends paid	(1,315)	(291)
Net cash used in financing activities	(1,713)	(713)
Decrease in cash and cash equivalents	(3,837)	(165)
Cash and cash equivalents at 1 January	5,251	5,416
Cash and cash equivalents at 31 December	1,414	5,251

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 25 February 2022.

The COVID-19 pandemic continued to evolve and remained volatile around the world during 2021. Travel restrictions and other precautionary measures imposed by various governments to contain the virus have affected the global economic activities adversely and continuously. 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 roaming revenue of the Group has inevitably been affected adversely since the second quarter of 2020. 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

Management has assessed the potential cash generation and the liquidity of the Group, and COVID-19 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, management 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).

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.

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 2021 (except IFRS 16 (Amendment)):

IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2
IFRS 16 (Amendment) (i)	COVID-19-Related Rent Concessions beyond 30 June 2021

(i) The Group has early adopted the amendment ahead of its effective date. The amendment extends, by one year, the original amendment issued by IASB in May 2020. It 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 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 2021:

Annual Improvement Projects (i)	Annual Improvements 2018 - 2020 Cycle
IAS 1 (Amendments) (ii)	Classification of Liabilities as Current or Non-Current
IAS 1 and IFRS Practice Statement 2 (Amendments) (ii)	Disclosure of Accounting Policies
IAS 8 (Amendments) (ii)	Definition of Accounting Estimates
IAS 12 (Amendments) (ii)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 16 (Amendments) (i)	Proceeds before Intended Use
IAS 37 (Amendments) (i)	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 3 (Amendments) (i)	Reference to the Conceptual Framework
IFRS 4 (Amendments) (ii)	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 17 (ii)	Insurance Contracts

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

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

(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.

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 2021, the carrying amount of the mobile telecommunications infrastructure and network equipment was approximately HK$2,224 million (2020: HK$1,911 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) 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 2021, the Group has recognised net deferred tax assets of approximately HK$4 million (2020: HK$86 million).

4 Revenue

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

	2021 HK$ million	2020 HK$ million
Mobile telecommunications and other related services	3,241	3,285
Telecommunications hardware and other products	2,144	1,260
	5,385	4,545

(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:

	2021 HK$ million	2020 HK$ million
Timing of revenue recognition:		
Over time	3,241	3,285
At a point in time	2,144	1,260
	5,385	4,545

(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 2021 was HK$2,928 million (2020: HK$2,672 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2021 HK$ million	2020 HK$ million
Not later than 1 year	1,761	1,700
After 1 year, but within 5 years	1,160	965
After 5 years	7	7
	2,928	2,672

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

	2021 HK$ million	2020 HK$ million
Cost of services provided (i)	1,366	1,246
General administrative and distribution costs	117	107
Expenses for short-term leases	36	25
Auditors' remuneration	7	6
Loss allowance provision	10	22
Employment and other subsidies (ii)	(14)	(85)
Total	1,522	1,321

(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.

7 Interest and Other Finance (Costs)/Income, Net

	2021 HK$ million	2020 HK$ million
Interest and other finance income:		
Bank interest income	14	89
Interest income from a joint venture	10	15
	24	104
Interest and other finance costs:		
Notional interest accretion (i)	(44)	(30)
Guarantee and other finance fees	(10)	(12)
	(54)	(42)
Interest and other finance (costs)/income, net	(30)	62

(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.

8 Taxation

	2021		
	Current taxation HK$ million	Deferred taxation HK$ million	Total HK$ million
Hong Kong	-	80	80
Outside Hong Kong	-	2	2
	-	82	82

	2020		
	Current taxation HK$ million	Deferred taxation HK$ million	Total HK$ million
Hong Kong	1	83	84
Outside Hong Kong	(1)	-	(1)
	-	83	83

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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$4 million (2020: HK$361 million) and on the weighted average number of 4,819,096,208 (2020: Same) ordinary shares in issue during the year.

The diluted earnings per share for the year ended 31 December 2021 is the same as basic earnings per share as there is no potential dilutive shares during the year (2020: Same).

10 Dividends

	2021 HK$ million	2020 HK$ million
Interim dividend, paid of 2.28 HK cents per share (2020: 2.28 HK cents per share)	110	110
Special interim dividend, paid of 19.80 HK cents per share (2020: Nil)	954	-
Final dividend, proposed of 5.21 HK cents per share (2020: 5.21 HK cents per share)	251	251
	1,315	361

11 Cash and Bank Balances

	2021 HK$ million	2020 HK$ million
Cash at banks and in hand	186	131
Short-term bank deposits with original maturity within 3 months	1,228	5,120
Cash and cash equivalents	1,414	5,251
Short-term bank deposits with original maturity beyond 3 months	2,561	-
	3,975	5,251

As at 31 December 2021, the weighted average interest rate on short-term bank deposits was 0.34% (2020: 0.55%) per annum.

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

12 Trade Receivables and Other Current Assets

	2021 HK$ million	2020 HK$ million
Trade receivables [(a)]	330	288
Less: Loss allowance provision	(41)	(47)
Trade receivables, net of provision	289	241
Other receivables	35	75
Prepayments and deposits	405	523
	729	839

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

	2021 HK$ million	2020 HK$ million
The ageing analysis of trade receivables, presented based on the invoice date is as follows:		
0 - 30 days	171	152
31 - 60 days	40	37
61 - 90 days	19	12
Over 90 days	100	87
	330	288

13 Trade and Other Payables

	2021 HK$ million	2020 HK$ million
Trade payables [(a)]	133	221
Other payables and accruals [(b)]	1,282	1,125
Receipts in advance	147	89
Current portion of licence fees liabilities	131	60
	1,693	1,495

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

(a) Trade payables

	2021 HK$ million	2020 HK$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	50	129
31 - 60 days	12	12
61 - 90 days	5	10
Over 90 days	66	70
	133	221

(b) Other payables and accruals

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

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 2021, the Group recorded share capital of HK$1,205 million and total equity of HK$10,815 million.

As at 31 December 2021, the net cash of the Group was HK$3,975 million (2020: HK$5,251 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 2020 final dividend, the 2021 interim dividend and the 2021 special interim dividend of HK$1,315 million in total.

Charges on Group Assets

As at 31 December 2021, 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 2021 (2020: Nil).

Contingent Liabilities

As at 31 December 2021, the Group provided performance, financial and other guarantees of HK$1,117 million, including the related performance bonds on new and renewed spectrums (2020: HK$330 million).

Commitments

As at 31 December 2021, the Group had total capital commitments of property, plant and equipment of HK$269 million (2020: HK$502 million) and telecommunications licences of HK$252 million (2020: HK$2,040 million). The decrease in capital commitments referred to the renewal of 900 MHz and 1800 MHz spectrum bands as well as the delivery of 5G network capital expenditure during the year.

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 Group's financial strength and stability. 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 to be contained in the 2021 annual report of the Company, which will be posted on the Company's website, include 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. The Group is increasingly focused on sustainability and delivering business solutions that support its growth and development. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the sustainability report to be contained in the 2021 annual report of the Company.

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 2021, the Group employed 1,045 (2020: 990) staff members (full-time and part-time) and on average 987 (2020: 978) staff members during the year ended 31 December 2021. Staff costs during the year ended 31 December 2021, including directors' emoluments, totalled HK$301 million (2020: HK$316 million).

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

Sustainability

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its 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 engaging in responsible and ethical business actions that build trust with all its stakeholders.

The Group's sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability. It is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the Sustainability Working Group, the Governance Working Group and the Cyber Security Working Group as well as the sustainability functions embedded across the businesses.

The overall sustainability approach and priorities of the Group are built on four pillars. These pillars - Environmental, Social, Governance and Sustainable Business Model Innovation - are an enhancement of the previous four pillars identified by the Group in the Sustainability Report section of the 2020 Annual Report - People, Environment, Business and Community. Under these new pillars, nine goals form the foundational approach of the sustainability strategy of the Group with four goals as the priority focus areas for 2021 and 2022.

Review of Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2021 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 Thursday, 5 May 2022 to Wednesday, 11 May 2022, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2022 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 Wednesday, 4 May 2022.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Tuesday, 17 May 2022. In order to qualify for the proposed final dividend payable on Thursday, 26 May 2022, 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, 17 May 2022.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

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

The Company has complied throughout 2021 with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted its own HTHKH Securities Code regulating Directors' dealings in securities (Group and otherwise) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all Directors have confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the year ended 31 December 2021.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday, 11 May 2022. 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:

"A.S. Watson"	A.S. Watson Holdings Limited, an indirect subsidiary of CKHH and the holding company of the retail division of CKHH
"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)
"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 net interest and other finance (costs)/income, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance (costs)/income, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HTHKH Securities Code"	Model Code for Securities Transactions by Directors
"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 and other products in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to hardware and other product under the non-subsidised hardware and other product business model
"service EBITDA / EBIT"	EBITDA / EBIT excluding standalone hardware and other product sales margin
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Chairman and Non-executive Director:
Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and Non-executive Directors:
Mr LUI Dennis Pok Man
Mr WOO Chiu Man, Cliff

Executive Director:
Mr KOO Sing Fai

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

Independent Non-executive Directors:
Mr IP Yuk Keung
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna