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Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 215)

CONTINUING CONNECTED TRANSACTIONS

In anticipation of the expiry of the Existing Master Agreements on 31 December 2023, the Company and CKHH have on 13 December 2023 entered into (i) the Master HTHKH Telecommunications Supplies Agreement, (ii) the Master CKHH Telecommunications Supplies Agreement and (iii) the Master Purchase Agreement, which set out the framework terms for the provision and procurement of certain supplies between the Group and the CKHH Group for the period from 1 January 2024 to 31 December 2026.

As each of CKHH and the other members of the CKHH Group is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of CKHH, the provision of the Group Telecommunications Supplies by the Group to the CKHH Group and the purchase of the CKHH Telecommunications Supplies and the Business Related Supplies from the CKHH Group by the Group, contemplated under the Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Cap Amounts of the transactions contemplated under each of the Master Agreements is or are more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under each of the Master Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

In anticipation of the expiry of the Existing Master Agreements on 31 December 2023, the Company and CKHH have on 13 December 2023 entered into (i) the Master HTHKH Telecommunications Supplies Agreement, (ii) the Master CKHH Telecommunications Supplies Agreement and (iii) the Master Purchase Agreement, which set out the framework terms for the provision and procurement of certain supplies between the Group and the CKHH Group for the period from 1 January 2024 to 31 December 2026, the principal terms of which are summarised below.

Master HTHKH Telecommunications Supplies Agreement

Subject matter

Members of the Group have been providing, and will continue to provide, to the CKHH Group certain Group Telecommunications Supplies in the ordinary course of business.

Under the Master HTHKH Telecommunications Supplies Agreement, the Company agrees to provide, or to procure its subsidiaries to provide, the Group Telecommunications Supplies to members of the CKHH Group as and when reasonably requested by the members of the CKHH Group from time to time during the term of such agreement.

Duration

Three years from 1 January 2024 to 31 December 2026, unless terminated by either party by giving not less than one month's advance written notice to the other party, or otherwise in accordance with the terms of such agreement.

Consideration and other terms

The relevant members of the CKHH Group and of the Group will enter into separate contracts with respect to the requested Group Telecommunications Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis between the parties, and will be on normal commercial terms which, from the Group's perspective, shall be no more favourable than those made available by the Group to its independent customers of the relevant Group Telecommunications Supplies. In particular, the fee chargeable by the relevant members of the Group shall be at market rates and be based by reference to the then prevailing market rates for the Group Telecommunications Supplies of similar or comparable scope, scale, quality, reliability and service levels charged by the Group or, if not available, the then prevailing market rates no more favourable than that the relevant members of the Group may make available to independent customers for the Group Telecommunications Supplies of similar or comparable scope, scale, quality, reliability and service levels.

Historical transaction amounts

The aggregate historical amounts received/receivable by the Group for the Group Telecommunications Supplies for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023 are approximately HK\$22 million, HK\$24 million and HK\$23 million respectively.

Master CKHH Telecommunications Supplies Agreement

Subject matter

Members of the Group have been purchasing, and will continue to purchase from members of the CKHH Group certain CKHH Telecommunications Supplies in the ordinary course of business.

Under the Master CKHH Telecommunications Supplies Agreement, CKHH agrees to provide, or to procure other members of the CKHH Group to provide, the CKHH Telecommunications Supplies to members of the Group as and when reasonably requested by the members of the Group from time to time during the term of such agreement.

Duration

Three years from 1 January 2024 to 31 December 2026, unless terminated by either party by giving not less than one month's advance written notice to the other party, or otherwise in accordance with the terms of such agreement.

Consideration and other terms

The relevant members of the Group and of the CKHH Group will enter into separate contracts with respect to the requested CKHH Telecommunications Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis between the parties, and will be on normal commercial terms which, from the Group's perspective, shall be no less favourable to the Group than those which the Group could obtain from independent third party suppliers of comparable CKHH Telecommunications Supplies in the market. In particular, the Group will seek competitive quotes through tendering or other processes (including conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable CKHH Telecommunications Supplies in the market) for management review with a view to ensuring that the fees payable by the Group to the CKHH Group in connection with the CKHH Telecommunications Supplies are fair and reasonable and comparable to those offered by independent third party suppliers having regard to the scope, scale, quality, reliability and service levels of the CKHH Telecommunications Supplies required and the past performance of the relevant members of the CKHH Group when providing the CKHH Telecommunications Supplies.

Historical transaction amounts

The aggregate historical amounts paid/payable by the Group for the CKHH Telecommunications Supplies for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023 are approximately HK\$14 million, HK\$10 million and HK\$6 million respectively.

Master Purchase Agreement

Subject matter

Members of the Group have been purchasing, and will continue to purchase from members of the CKHH Group certain Business Related Supplies in the ordinary course of business.

Under the Master Purchase Agreement, CKHH agrees to provide, or to procure other members of the CKHH Group to provide, the Business Related Supplies to members of the Group as and when reasonably requested by the members of the Group from time to time during the term of such agreement.

Duration

Three years from 1 January 2024 to 31 December 2026, unless terminated by either party by giving not less than one month's advance written notice to the other party, or otherwise in accordance with the terms of such agreement.

Consideration and other terms

The relevant members of the Group and of the CKHH Group will enter into separate contracts with respect to the requested Business Related Supplies. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by case and an arm's length basis between the parties, and will be on normal commercial terms which, from the Group's perspective, shall be no less favourable to the Group than those which the Group could obtain from independent third party suppliers of comparable Business Related Supplies in the market. In particular, the Group will seek competitive quotes through tendering or other processes (including conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable Business Related Supplies in the market) for management review with a view to ensuring that the fees payable by the Group to the CKHH Group in connection with the Business Related Supplies are fair and reasonable and comparable to those offered by independent third party suppliers having regard to the scope, scale, quality, reliability and service levels of the Business Related Supplies required and the past performance of the relevant members of the CKHH Group when providing the Business Related Supplies.

Historical transaction amounts

The aggregate historical amounts paid/payable by the Group for the Business Related Supplies for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023 are approximately HK\$61 million, HK\$72 million and HK\$67 million respectively.

REASONS FOR, AND THE BENEFITS OF, THE ENTERING INTO THE MASTER AGREEMENTS

The Board believes that the entering into of the Master Agreements with CKHH will help ensure that the necessary Supplies will continue to be made available to the Group. It also helps achieve business continuity and efficiency as well as minimise any potential disruption to the daily operation of the Group.

Having regard to the pricing policies, internal controls and other processes of the Company in respect of the transactions contemplated under each of the Master Agreements, including the seeking of competitive quotes through tendering and conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable CKHH Telecommunications Supplies or Business Related Supplies (as the case may be) in the market and the charging of fees at market rates and based by reference to prevailing market rates for the Group Telecommunications Supplies, the Directors (including the independent non-executive Directors) consider that each of the Master Agreements has been and will continue to be entered into on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE CAP AMOUNTS

It is expected that the maximum aggregate annual amount receivable or payable by the Group (as the case may be) in respect of each of the following categories of Supplies will not exceed the Cap Amounts set out below:

	Financial year ending 31 December		
	<u>2024</u>	<u>2025</u>	<u>2026</u>
Provision of the Group Telecommunications Supplies by the Group to the CKHH Group.....	HK\$60 million	HK\$88 million	HK\$118 million
Purchase of the CKHH Telecommunications Supplies by the Group from the CKHH Group.....	HK\$21 million	HK\$25 million	HK\$29 million
Purchase of the Business Related Supplies by the Group from the CKHH Group.....	HK\$122 million	HK\$142 million	HK\$166 million

The above Cap Amounts for 2024 to 2026 in respect of each of the Group Telecommunications Supplies, the CKHH Telecommunications Supplies and the Business Related Supplies were determined with reference to (i) the historical transaction amounts in respect of the existing scope of such Supplies and for the same type of transactions; (ii) the estimated increase in the costs of procuring or sourcing these Supplies, taking into account the prevailing market conditions and the effect of inflation; and particularly (iii) the anticipated demand and estimated increase in volume of transactions to gradually return to the pre-pandemic levels in the next three years, having regard to the planned or proposed business expansion and development strategy of the Group. In particular, the increase in the Cap Amounts for the Group Telecommunications Supplies for 2024, 2025 and 2026, as compared to the historical transaction amounts, is mainly due to the anticipated recovery of the roaming services to the pre-pandemic levels and the new ICT services which provide a one-stop-shop solution services for customers. In the second half of 2023, the Group entered into collaboration with leading fixed-network telecommunications services providers to target the growing needs of the enterprise market in ICT services with fixed-line telecommunications solutions and system integration, through which the Group will resell fixed-line telecommunications services such as business broadband, voice and fax solutions to the CKHH Group to cater for the anticipated demand from the CKHH Group for the fixed-network solution services and other miscellaneous services arising from its ongoing infrastructure upgrade and expansion.

The Directors (including the independent non-executive Directors) are of the view that the Cap Amounts are fair and reasonable.

LISTING RULES IMPLICATIONS

As each of CKHH and the other members of the CKHH Group is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of CKHH, the provision of the Group Telecommunications Supplies by the Group to the CKHH Group and the purchase of the CKHH Telecommunications Supplies and the Business Related Supplies from the CKHH Group by the Group, contemplated under the Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Cap Amounts of the transactions contemplated under each of the Master Agreements is or are more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under each of the Master Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the continuing connected transactions herein announced except by virtue of being a director and/or shareholder of the Company (including its subsidiaries) and/or the other parties involved in the transactions (or their group companies), and no Director was required to abstain from voting on the Board resolutions of the Company approving the Master Agreements and the transactions contemplated thereunder. Notwithstanding the foregoing, Mr Fok Kin Ning, Canning, Mr Lai Kai Ming, Dominic, Ms Edith Shih and Dr Wong Yick Ming, Rosanna have voluntarily abstained from voting on the Board resolutions of the Company approving the Master Agreements and the transactions contemplated thereunder.

GENERAL

The Group is a provider of mobile telecommunications services in Hong Kong and Macau.

The CKHH Group is principally engaged in four core businesses: ports and related services, retail, infrastructure and telecommunications.

DEFINITIONS

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

“associate”	has the meaning ascribed to that term in the Listing Rules
“Board”	the board of Directors
“Business Related Supplies”	goods and services for use in connection with the businesses of the Group, including billing collection services; dealership services at retail outlets in Hong Kong for sale of handsets and/or telecommunications services; information technology (“IT”) related services, including IT platforms development services, software solutions and applications development services and other professional services; cash coupons and marketing, advertising and promotional services; non-telecommunications products; and such other goods and services for use in connection with the businesses of the Group as may be agreed between the Company and CKHH from time to time, which exclude the CKHH Telecommunications Supplies

“Cap Amounts”	the maximum aggregate annual amount receivable or payable by the Group (as the case may be) under each of the Master Agreements, as set out in the section headed “The Cap Amounts” of this announcement
“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) and the controlling shareholder of the Company
“CKHH Group”	CKHH and its subsidiaries from time to time (excluding members of the Group) and such other entities in which CKHH is from time to time directly or indirectly interested so as to (i) exercise or control the exercise of 30% to 50% of the voting power at general meetings of such entities or (ii) control the composition of a majority of the board of directors of such entities, and the subsidiaries of such other entities
“CKHH Telecommunications Supplies”	telecommunications goods and services of the CKHH Group, including roaming services; and such other telecommunications goods and services of the CKHH Group as may be agreed between the Company and CKHH from time to time, which exclude the Business Related Supplies
“Company”	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)
“connected person”	has the meaning ascribed to that term in the Listing Rules
“Directors”	directors of the Company
“Existing Master Agreements”	collectively, the existing master HTHKH telecommunications supplies agreement, the existing master CKHH telecommunications supplies agreement and the existing master purchase agreement, all dated 28 December 2020 and made between the Company and CKHH which set out the framework terms for the provision and procurement of the relevant Supplies as defined therein
“Group”	the Company and its subsidiaries from time to time
“Group Telecommunications Supplies”	telecommunications products and services of the Group, including mobile telecommunications products (including mobile handsets and accessories); mobile telecommunications services (including international direct dialling and roaming services, mobile Wi-Fi and other value-added services); ICT services (including resell of fixed-line telecommunications services such as business broadband, voice and fax solution; marketing, advertising and promotional services; and such other telecommunications products and services of the Group as may be agreed between the Company and CKHH from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICT”	Information and Communications Technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Master Agreements”	collectively, the Master HTHKH Telecommunications Supplies Agreement, the Master CKHH Telecommunications Supplies Agreement and the Master Purchase Agreement
“Master CKHH Telecommunications Supplies Agreement”	the master CKHH telecommunications supplies agreement dated 13 December 2023 and made between the Company and CKHH which sets out the framework terms for the provision and procurement of the CKHH Telecommunications Supplies
“Master HTHKH Telecommunications Supplies Agreement”	the master HTHKH telecommunications supplies agreement dated 13 December 2023 and made between the Company and CKHH which sets out the framework terms for the provision and procurement of the Group Telecommunications Supplies
“Master Purchase Agreement”	the master purchase agreement dated 13 December 2023 and made between the Company and CKHH which sets out the framework terms for the provision and procurement of the Business Related Supplies
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to that term in the Listing Rules
“Supplies”	the Group Telecommunications Supplies, the CKHH Telecommunications Supplies and/or the Business Related Supplies (as the case may be)

By Order of the Board

CHOW Yan Hing, Agnes
Company Secretary

Hong Kong, 13 December 2023

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

Chairman and Non-executive Director:

Mr FOK Kin Ning, Canning

Co-Deputy Chairmen and Non-executive Directors:

Mr LUI Dennis Pok Man

Mr WOO Chiu Man, Cliff

Executive Director:

Mr KOO Sing Fai

Non-executive Directors:

Mr LAI Kai Ming, Dominic

(also Alternate to Mr FOK Kin Ning, Canning and Ms Edith SHIH)

Ms Edith SHIH

Mr MA Lai Chee, Gerald

(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:

Ms CHOW Ching Yee, Cynthia

Mr IP Yuk Keung

Dr LAN Hong Tsung, David

Dr WONG Yick Ming, Rosanna