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 2022

HIGHLIGHTS

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

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, 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: (LBIT)/EBIT represents the (LBIT)/EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. (LBIT)/EBIT is defined as losses or earnings before net interest and other finance costs and taxation. Information concerning (LBIT)/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 (LBIT)/EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. (LBIT)/EBIT is not a measure of financial performance under IFRS and the (LBIT)/EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. (LBIT)/EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

Dividend

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

Outlook

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

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

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

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

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

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

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

FOK Kin Ning, Canning
Chairman

Hong Kong, 28 February 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Summary

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

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, 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: (LBIT)/EBIT represents the (LBIT)/EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. (LBIT)/EBIT is defined as losses or earnings before net interest and other finance costs and taxation. Information concerning (LBIT)/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 (LBIT)/EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. (LBIT)/EBIT is not a measure of financial performance under IFRS and the (LBIT)/EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. (LBIT)/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 and taxation include the Group's share of joint venture's respective items.

Review of Financial Results

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

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

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

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

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

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

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

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

Key Performance Indicators

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

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

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

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

Net Interest and Other Finance Costs

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

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

Capital Expenditure

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

Summary of spectrum investment as of 31 December 2022

	Spectrum band	Bandwidth	Year of expiry
Hong Kong	700 MHz	20 MHz	2037
	900 MHz	10 MHz	2026
	900 MHz	10 MHz	2036
	1800 MHz	30 MHz	2036
	2100 MHz	29.6 MHz	2031
	2300 MHz	30 MHz	2027
	2600 MHz	30 MHz ❶❷	2024❷
	2600 MHz	10 MHz ❶	2028
	3300 MHz	30 MHz	2034
	3500 MHz	40 MHz	2035
Macau	900 MHz	10 MHz	2025
	1800 MHz	20 MHz	2028
	2100 MHz	10 MHz	2025

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

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK$ million	2021 HK$ million
Revenue	4	4,882	5,385
Cost of inventories sold		(1,571)	(2,082)
Staff costs		(336)	(301)
Expensed customer acquisition and retention costs		(42)	(60)
Depreciation and amortisation		(1,456)	(1,300)
Other operating expenses	6	(1,571)	(1,522)
		(94)	120
Interest and other finance income	7	66	24
Interest and other finance costs	7	(77)	(54)
Share of result of a joint venture		(4)	(4)
(Loss)/profit before taxation		(109)	86
Taxation	8	(49)	(82)
(Loss)/profit for the year		(158)	4
(Loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic and diluted	9	(3.28)	0.08

Details of 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 2022

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	Note	2022 HK$ million	2021 HK$ million
Non-current assets			
Property, plant and equipment		3,007	3,001
Goodwill		2,155	2,155
Telecommunications licences		3,663	3,900
Right-of-use assets		491	467
Customer acquisition and retention costs		189	165
Contract assets		152	159
Other non-current assets		361	403
Deferred tax assets		4	4
Investment in a joint venture		157	215
Total non-current assets		10,179	10,469
Current assets			
Cash and cash equivalents	11	3,087	1,414
Short-term bank deposits with original maturity beyond 3 months	11	613	2,561
Trade receivables and other current assets	12	784	729
Contract assets		193	177
Inventories		100	96
Total current assets		4,777	4,977
Current liabilities			
Trade and other payables	13	1,649	1,693
Contract liabilities		162	163
Lease liabilities		305	289
Current income tax liabilities		1	-
Total current liabilities		2,117	2,145
Non-current liabilities			
Lease liabilities		151	128
Deferred tax liabilities		48	-
Other non-current liabilities		2,371	2,358
Total non-current liabilities		2,570	2,486
Net assets		10,269	10,815
Capital and reserves			
Share capital		1,205	1,205
Reserves		9,064	9,610
Total equity		10,269	10,815

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves [i] HK$ million	Total HK$ million
At 1 January 2022	1,205	11,185	(1,552)	1	265	(289)	10,815
Loss for the year	-	-	(158)	-	-	-	(158)
Other comprehensive loss							
Remeasurements of defined benefit plans	-	-	-	-	(27)	-	(27)
Total comprehensive loss, net of tax	-	-	(158)	-	(27)	-	(185)
Dividend paid	-	-	(361)	-	-	-	(361)
At 31 December 2022	1,205	11,185	(2,071)	1	238	(289)	10,269

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves (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

(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 of 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 2022

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

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 28 February 2023.

2 Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2 Significant Accounting Policies (Continued)

(b) Amendments to existing standards adopted by the Group

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

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

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

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

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

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

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

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

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

(b) Estimated useful life for telecommunications licences

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

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

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

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

Estimating the recoverable amount of the CGUs or group of CGUs requires the use of significant judgements that are based on a number of factors including actual operating results, internal forecasts, determination of an appropriate discount rate, growth rate and the estimated terminal value assumptions. It is reasonably possible that the judgements and estimates described above could change in future periods.

(d) Taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement and estimate are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determinations is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised.

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:

	2022 HK$ million	2021 HK$ million
Mobile telecommunications and other related services	3,278	3,241
Telecommunications hardware and other products	1,604	2,144
	4,882	5,385

(a) Disaggregation of revenue

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

	2022 HK$ million	2021 HK$ million
Timing of revenue recognition:		
Over time	3,278	3,241
At a point in time	1,604	2,144
	4,882	5,385

(b) Unsatisfied mobile telecommunications service contracts

The aggregate amount of the transaction price allocated to the performance obligations arisen from fixed-price mobile telecommunications service contracts that are partially or fully unsatisfied as at 31 December 2022 was HK$2,924 million (2021: HK$2,928 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2022 HK$ million	2021 HK$ million
Not later than 1 year	1,805	1,761
After 1 year but within 5 years	1,111	1,160
After 5 years	8	7
	2,924	2,928

The performance obligations arisen from other mobile telecommunications service contracts are for period of one year or less or are billed based on usage incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

	2022 HK$ million	2021 HK$ million
Cost of services provided [(i)]	1,454	1,366
General administrative and distribution costs	138	117
Expenses for short-term leases	30	36
Auditors' remuneration	7	7
Loss allowance provision	40	10
Employment and other subsidies [(ii)]	(18)	(14)
Compensation income [(iii)]	(80)	-
Total	1,571	1,522

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

(ii) Benefits received from governments and other companies under COVID-19 related employment and other support schemes.

(iii) Compensation income from third party in relation to early termination of contract.

7 Interest and Other Finance Costs, Net

	2022 HK$ million	2021 HK$ million
Interest and other finance income:		
Bank interest income	55	14
Interest income from a joint venture	11	10
	66	24
Interest and other finance costs:		
Notional interest accretion [(i)]	(68)	(44)
Guarantee and other finance fees	(9)	(10)
	(77)	(54)
Interest and other finance costs, net	(11)	(30)

(i) Notional interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the consolidated statement of financial position such as lease liabilities, licence fees liabilities and assets retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

8 Taxation

	2022		
	Current taxation HK$ million	Deferred taxation HK$ million	Total HK$ million
Hong Kong	1	48	49
Outside Hong Kong	-	-	-
	1	48	49

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

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.

9 (Loss)/earnings per Share

The calculation of basic (loss)/earnings per share is based on loss attributable to shareholders of the Company of HK$158 million (2021: profit of HK$4 million) and on the weighted average number of 4,819,096,208 (2021: Same) ordinary shares in issue during the year.

The diluted (loss)/earnings per share for the year ended 31 December 2022 is the same as basic (loss)/earnings per share as there were no potential dilutive shares during the year (2021: Same).

10 Dividends

	2022 HK$ million	2021 HK$ million
Interim dividend, paid of 2.28 HK cents per share (2021: 2.28 HK cents per share)	110	110
Special interim dividend, paid of 19.80 HK cents per share	-	954
Final dividend, proposed of 5.21 HK cents per share (2021: 5.21 HK cents per share)	251	251
	361	1,315

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2022.

11 Cash and Bank Balances

	2022 HK$ million	2021 HK$ million
Cash at banks and in hand	165	186
Short-term bank deposits with original maturity within 3 months	2,922	1,228
Cash and cash equivalents	3,087	1,414
Short-term bank deposits with original maturity beyond 3 months	613	2,561
	3,700	3,975

As at 31 December 2022, the weighted average interest rate on short-term bank deposits was 4.80% (2021: 0.34%) per annum.

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

12 Trade Receivables and Other Current Assets

	2022 HK$ million	2021 HK$ million
Trade receivables [(a)]	375	330
Less: Loss allowance provision	(57)	(41)
Trade receivables, net of provision	318	289
Other receivables	75	35
Prepayments and deposits	391	405
	784	729

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

	2022 HK$ million	2021 HK$ million
The ageing analysis of trade receivables presented based on the invoice date is as follows:		
0 - 30 days	162	171
31 - 60 days	62	40
61 - 180 days	61	49
Over 180 days	90	70
	375	330

13 Trade and Other Payables

	2022 HK$ million	2021 HK$ million
Trade payables [(a)]	197	133
Other payables and accruals [(b)]	1,149	1,282
Receipts in advance	159	147
Current portion of licence fees liabilities	144	131
	1,649	1,693

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

(a) Trade payables

	2022 HK$ million	2021 HK$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	67	50
31 - 60 days	25	12
61 - 90 days	7	5
Over 90 days	98	66
	197	133

(b) Other payables and accruals

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

GROUP CAPITAL RESOURCES AND LIQUIDITY

Treasury Management

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

Cash management and funding

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

Foreign currency exposure

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

Credit exposure

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

Capital and Net Cash

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

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

Charges on Group Assets

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

Borrowing Facilities Available

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

Contingent Liabilities

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

Commitments

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

Corporate Strategy

The principle objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the financial strength and stability of the Group. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. The Chairman's Statement, Management Discussion and Analysis, and the Operations Review to be contained in the 2022 annual report of the Company, which will be posted on the Company's website, include discussions and analyses of the performance of the Group, the basis on which the Group generates or preserves value in the longer term and delivers the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the sustainability report to be contained in the 2022 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 does not guarantee 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 discussed 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 or turn out to be incorrect.

Human Resources

As at 31 December 2022, the Group employed 1,155 (2021: 1,045) staff members (full-time and part-time) and on average 1,093 (2021: 987) staff members during the year ended 31 December 2022. Staff costs during the year ended 31 December 2022, including directors' emoluments, totalled HK$336 million (2021: HK$301 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 collaborative approach of the Group combined with its supreme network and advanced technology enables the delivery of secure, seamless and innovative solutions. This accordingly supports the United Nations Sustainable Development Goals in building sustainable, inclusive and digitally-enabled societies while engaging in responsible and ethical business actions with all its stakeholders.

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

Review of Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2022 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 Monday, 8 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2023 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 Friday, 5 May 2023.

Record Date for Proposed Final Dividend

The record date for determining the entitlement of shareholders to the proposed final dividend is Wednesday, 17 May 2023. In order to qualify for the proposed final dividend payable on Monday , 29 May 2023, 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, 17 May 2023.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2022, 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 the year ended 31 December 2022 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 2022.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 11 May 2023. 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)
"Company" or "HTHKH"	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215)
"COVID-19"	coronavirus disease 2019
"Director(s)"	director(s) of the Company
"EBIT / LBIT"	earnings or losses before net interest and other finance costs, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance costs, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"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 / LBIT"	EBITDA / EBIT / LBIT 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:
Ms CHOW Ching Yee, Cynthia
Mr IP Yuk Keung
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna